
Civil Aviation Authority of New Zealand
(Including the Aviation Security Service)

ANNUAL REPORT

for the year ended 30 June 2000

*Presented to the House of Representatives Pursuant to
Section 44A of the Public Finance Act 1989*

Purpose

This Annual Report has been prepared to meet the requirements of:

- Section 38 of the Third Schedule to the Civil Aviation Act 1990;
- Part V of the Public Finance Act 1989; and
- the Statement of Intent of the Civil Aviation Authority of New Zealand covering the activities of the Civil Aviation Authority, Aviation Security Service, and Class III Search and Rescue Services.

The report covers the activities for the year 1 July 1999 to 30 June 2000.

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ABBREVIATIONS

ACNZ	Airways Corporation of New Zealand
AIA	Aviation Industry Association
AIAL	Auckland International Airport Limited
AIM	Airport Identification Manager
AIP	Aeronautical Information Publications
AIS	Aeronautical Information Service
APEC	Asia Pacific Economic Co-operation
AQI	Audit Quality Index
ASAR	Aviation Security Statistics Recording
ATM	Air Traffic Management
ATS	Air Traffic Services
AVSEC	Aviation Security Service
BASA	Bilateral Aviation Safety Agreements
CAA	Civil Aviation Authority
CAR	Civil Aviation Rule
CIRAG	CAA / Industry Rules Advisory Group
CNS	Communications, Navigation and Surveillance
EAP	Employee Assistance Programme
EDD	Explosive Detector Dogs
EEO	Equal Employment Opportunities
ELT	Emergency Locator Transmitters
ETOPS	Extended Twin-engine Operations
GPWS	Ground Proximity Warning Systems
GST	Goods and Services Tax
ICAO	International Civil Aviation Organisation
ICARUS	Information Confidentially Accepted then Reported Universally for Safety
ISO	International Organisation for Standardisation
LUT	Local User Terminal
GEOLUT	Geo-stationary Satellite Local User Terminal
LEOLUT	Low Earth Orbit Local User Terminal
MHz	Mega-hertz
MOT	Ministry of Transport
NOTAM	Notice to Airmen
NPRM	Notice of Proposed Rule Making
NRCC	National Rescue Co-ordination Centre
NZAAA	New Zealand Agricultural Aviation Association
NZHGPA	New Zealand Hang Gliding and Paragliding Association
NZSRR	New Zealand Search and Rescue Region
RNZAF	Royal New Zealand Air Force
RVSM	Reduced Vertical Separation Minimum
SAR	Search and Rescue
SSC	State Services Commission
TAIC	Transport Accident Investigation Commission
TAOC	Transitional Air Operator Certificate

Foreword by Chairperson

In the past year the Civil Aviation Authority was subject to audit by the International Civil Aviation Organisation (ICAO) and found to be a top performer in the world of aviation safety regulation. It was also a year which saw the most significant internal restructure since the CAA was formed in 1992.

There were two key catalysts for the changes implemented. Firstly there was a Ministerial Inquiry in 1998 while describing the CAA as a world leading regulator and an example for others to follow also recommended that the CAA's internal structure should more closely reflect that of the aviation industry. A further catalyst was the Colmar Brunton survey undertaken in late 1998 that showed that while approximately a third of industry were satisfied with the CAA's performance, a third were dissatisfied. While the CAA had the right safety priorities, and as a regulator was doing a good job, there was an acknowledgement from within the CAA that it had to focus on improving its customer service and working in partnership with its stakeholders to a greater degree.

The new CAA structure is now more closely aligned to the aviation industry, with an airlines division, a general aviation division (including a specialist helicopter unit), a personnel licensing and aeronautical services division, a safety investigation and analysis division, and a division that services all our Governmental and policy functions including rules development. This structure now allows the CAA to focus on the safety aspects of individual clients and relationship and service issues. The advantages are that there is a greater emphasis on each client, a single point of contact for each industry sector, and clearer accountability for safety and service.

The challenge is now for the Authority and the Director to build on this organisational development to deliver the customer service levels the industry expects while delivering the safety outcomes the public demand.

The CAA exists to lead and assist the aviation industry in the reduction of the rate of aviation accidents and their consequences on behalf of the public. While the larger carriers and regional feeder airlines, who between them carry 94 per cent of all fare-paying passengers in New Zealand, have a very good safety record, the accident rates in some other sectors are considered to be unacceptable.

The CAA aim in the 2000/01 financial year is to continue to maintain and develop close working relationships with the industry and stakeholders while maintaining a responsible approach to its regulatory obligations.

Financially, the CAA achieved a small deficit of \$0.064m for the 1999/2000 financial year. The revenue was higher than budget due to higher than expected receipts from levies and interest. The lower personnel cost associated with the continuing vacancies during the year have been set-off by the higher use of external contractors to cover for the shortage of staff. In addition unbudgeted one-off costs associated with the restructure of the CAA and the bringing into the accounts the actuarial valuation of retirement leave. Operating costs are above plan due to an increase in travel, an increase in publishing aviation safety related material, Y2K costs, and the additional legal costs associated with civil and criminal litigations.

Search and Rescue

The National Rescue Co-ordination Centre (NRCC) carried out 15 major searches throughout New Zealand and the South Pacific, rescuing 66 people and recovering 25 bodies. Three bodies were not recovered.

The upgrade to the existing Low Earth Orbit Local User Terminal (LEOLUT) to incorporate a Geo-stationary Satellite Local User Terminal (GEOLUT) function was completed in February and commissioned in April. This facility is connected to the COSPAS-SARSAT Mission Control Centre in Canberra and relies on a geo-stationary satellite to detect signals and information from distress beacons. The new system greatly improves the accuracy and speed of determining the location of the distress signals.

The NRCC achieved a surplus of \$0.230m which is an improvement of \$0.342m on the budget. The major contributor to the improved result was the drop in the level of significant search and rescue activities during the year.

Aviation Security Service

The Aviation Security Service' commitment to Trans-Tasman operations at the regional airports of Hamilton, Palmerston North, Dunedin and Queenstown has continued with all these airports showing growth in passenger numbers over the year.

Planning for Asia Pacific Economic Co-operation (APEC) dominated the first two months of the year, with Service officials working closely with officials from other agencies co-ordinating arrangements for the APEC meeting. Involvement in the border control review also proved to be a major commitment for the Service during the first half on the year. Work continued on the development of a new Business Plan for the 2000/2001-year.

The internal audit arrangements introduced last year were further developed together with a monthly Management Review Report covering the results of all internal and external audit activities. The report also collates the recurrent testing results for the month.

A major focus of the first six months was the Y2K readiness preparations. The Service was subject to several independent audits to test its preparedness and in addition has been reporting on a regular basis to the Civil Aviation Authority and the Y2K Readiness Commission. The results of the independent audit by the State Services Commission and the last audit for the period ended 31 July 1999 rated the Service 4.6 out of 5 in terms of preparedness. During and after the changeover, the Service experienced no date related systems problems.

The AIM ID card and ASAR, statistical data reporting systems were successfully implemented and both were further developed during the year. Initial development has now started on an Intranet linking all the Service's computers and an Internet site to provide information to travellers.

The Service's explosive detector dog unit was extensively involved in APEC operations. On completion of the meetings, the five teams were deployed to their stations, three to Auckland and one each to Wellington and Christchurch. Since then they have been fully committed with unattended bags, oversize cargo, aircraft search, assisting Police and continuation training.

The second triennial independent performance review of the Service was undertaken in November 1998. The report, presented to the Minister in late December 1998, described the Service as effective and efficient in delivering a professional and quality service. The review team identified some areas for improvement. Work on implementing the recommendations was delayed due to the commitment to APEC, but is now under action with progress reported to the Authority on a regular basis.

The Aviation Security Service produced a \$0.304m surplus for the year a significant improvement on the budgeted deficit of \$0.480m. Total revenue was 6% above budget due to higher than expected passenger departures during the year with passenger departures being 7.7% higher than the previous year.



Rodger Fisher
Chairperson

THE CIVIL AVIATION AUTHORITY OF NEW ZEALAND

Introduction

The Civil Aviation Authority of New Zealand (the “CAA”) was established under the Civil Aviation Act 1990 as a new Crown entity on 10 August 1992 with the prime function of undertaking activities which promote civil aviation safety at reasonable cost.

The Civil Aviation Authority is headed by a five member board appointed for terms of up to three years by the Governor-General on the recommendation of the Minister of Transport, being persons that the Minister considers will represent the public interest in civil aviation. The board is known as “the Authority” and reports directly to the Minister of Transport.

The Aviation Security Service, like the CAA, was also previously part of the Ministry of Transport and remained under the umbrella of the Ministry until 1993 when responsibility for the Service was transferred from the Ministry to the Authority.

The Authority is required to perform its functions in respect of the Service separately from its other CAA functions, including the maintenance of separate accounts, records and reports.

The Authority also has direct responsibility for the provision of Class III Search and Rescue Services. These services are now a direct output of the CAA with separate staffing, resourcing and financial accounting.

This separation of search and rescue services from the CAA’s regulatory functions is in line with the principles on which the Civil Aviation Authority was set up. It also keeps the financial arrangements vis a vis Crown funding of search and rescue separate from Crown funding of the Civil Aviation Authority’s policy advice functions.

Members of the Authority

R H Fisher (Chairperson)

Rodger Fisher, retired from the position of Managing Director of the Owens Group in 1999, has extensive transport sector experience and a strong background in business management. Mr Fisher is also a Director of Waitemata Health Limited, Deputy Chairman of Wel Energy Group Limited, and a Director of several other companies. Mr Fisher was appointed Chairperson of the Authority in 1998.

C J Hales (Deputy)

Catherine Hales is a consultant to the aviation industry with significant experience in airport and business management. Ms Hales was appointed to the Authority in 1997 and is currently Deputy Chair of the Authority.

T J Ryan

Thomas Ryan is a Chartered Accountant with a strong background in the aviation industry, including extensive experience in airline general management. Mr Ryan was appointed to the Authority in 1999.

R M Inglis

Robert Inglis is the managing director of Northwood Hop Company, Shaaba Properties Ltd, and Origin Pacific Airways. Mr Inglis was appointed to the Authority in 1997.

M R Dean

Miriam Dean, previously Deputy Chair of the Commerce Commission, is a self-employed lawyer with wide experience in general commercial law and competition practice. Ms Dean was appointed to the Authority in 1997.

Director of Civil Aviation

K W Ward

Under the provisions of section 72I of the Civil Aviation Act 1990, the Director of Civil Aviation is appointed by the Authority as Chief Executive of the Civil Aviation Authority, with overall responsibility for the day-to-day management of the organisation and the appointment of all other CAA employees (not including Aviation Security Service personnel).

The Director also has specific statutory powers and functions including exercising control over entry into the civil aviation system through the granting of aviation documents, and enforcement including the monitoring of performance through inspections and audits.

In exercising these latter responsibilities in respect of any particular case, the Director must act independently and may not be directed by the Minister or the Authority.

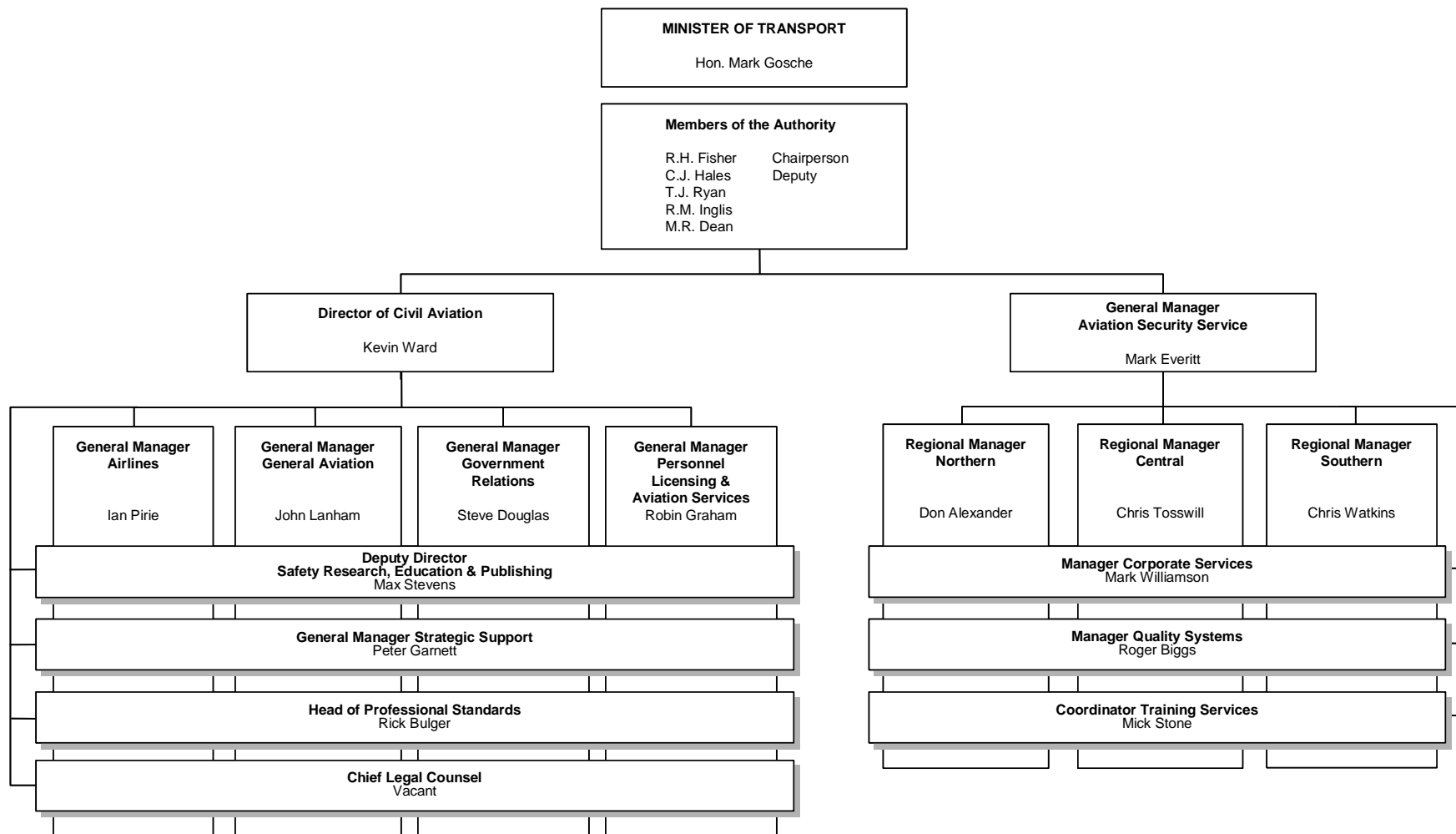
General Manager of the Aviation Security Service

M T Everitt

The General Manager of the Aviation Security Service is appointed by the Authority under section 72L of the Civil Aviation Act 1990 and is responsible for the day-to-day management of the Service including the appointment of Aviation Security Service personnel.

In exercising in any particular case any functions or powers conferred on the General Manager by statute, regulations or rules made under any Act, the General Manager is charged with acting independently and may not be directed by the Minister, the Authority, or the Director of Civil Aviation.

Organisational Structure
as at end of 30 June 2000



CIVIL AVIATION AUTHORITY

CIVIL AVIATION AUTHORITY OF NEW ZEALAND

FUNCTIONS

The primary function of the Civil Aviation Authority (CAA) is to undertake activities which promote civil aviation safety and security at reasonable cost (Section 72B of the Civil Aviation Act 1990).

In furtherance of this primary function, the Authority is charged with:

- establishing safety and security standards relating to entry into the civil aviation system;
- monitoring adherence to these standards;
- ensuring regular reviews of the civil aviation system to promote the improvement and development of its safety and security;
- investigating and reviewing civil aviation accidents and incidents in its capacity as the responsible safety and security authority;
- notifying the Transport Accident Investigation Commission of certain categories of accidents and incidents notified to the Authority;
- maintaining and preserving records and documents relating to activities within the civil aviation system, and in particular maintaining the New Zealand Registry of Aircraft and the Civil Aviation Registry;
- ensuring the collection, publication, and provision of charts and aeronautical information, and entering into arrangements with other persons or organisations to collect, publish, and distribute such charts and information;
- providing the Minister of Transport with such information and advice as the Minister may from time to time require;
- promoting safety and security in the civil aviation system by providing safety and security information and advice, and fostering safety and security information education programmes; and
- carrying out such other civil aviation functions and duties as the Minister of Transport may from time to time prescribe by notice in the *Gazette*.

As from 1 July 1996 the Authority also took over direct responsibility for the provision of Class III search and rescue services, previously undertaken under contract to the Ministry of Transport. These functions were included in the Civil Aviation Amendment Act 1996 that came into force on 13 August 1996.

In addition, the above Act requires the Director of Civil Aviation, as Chief Executive of the Authority, to:

- exercise control over entry into the civil aviation system through the granting of aviation documents under the Act; and
- take such action as may be appropriate in the public interest to enforce the provisions of the Act and of regulations and Rules made under the Act, including the carrying out or requiring of inspections and audits.

VISION, MISSION AND VALUES

Vision

Leading Aviation Safety through Quality to a level of achievement that matches or exceeds the foremost aviation nations.

Mission

The prime purpose of the Civil Aviation Authority is to undertake activities which promote safety in civil aviation at a reasonable cost.

Values

Safety	The CAA focus is ultimately on the safety of civil aviation in the public interest. Whenever doubt exists in the exercise of a CAA function or responsibility, the CAA will err on the side of safety.
Consultation & service	Undertaking meaningful dialogue with clients and interested parties and the delivery of services that recognise client requirements (consistent with safety responsibilities).
Quality	The management of systems and people in a manner that delivers optimum service quality to clients. It incorporates our commitment to improvement which means continually learning, improving and developing ourselves, our service and our systems.
Client focus	Create an environment where our client's requirements are dealt with in a courteous, efficient and thorough manner.
Team work	Fostering an esprit de corps - a common ethos, mutual support and respect within the CAA.
Efficiency & effectiveness	Delivering optimal services at reasonable cost.
Fairness & consistency	Treating all clients and staff in a fair and reasonable manner, without fear or favour.
Honesty & ethical conduct	Being an organisation that clients and staff can trust to be open, straightforward and reliable.
Respect for individuals and their views	Treating everyone as we would want to be treated.
Professionalism & skill	Having the personal and technical attributes to perform the CAA's functions to a high standard.
Job satisfaction	Enjoying the work, taking satisfaction from it, and celebrating success.

STRATEGIC GOALS

To achieve its mission, the CAA has the following strategic goals for the next three to five years:

Safety Goals

1. Reduce the probability and consequences of unsafe events.
2. Improve the community understanding of aviation safety levels and establish acceptable safety target levels.
3. Take safety actions that return a net benefit to the community.

All of the above Safety Goals contribute directly to Government's Outcome " A safe, sustainable transport system at reasonable cost"; and indirectly to the Outcome of "Enhanced economic, social and environmental well-being".

Non-Safety Goal

5. Promote environmentally and socially responsible civil aviation.

This Goal contributes directly to Government's Outcome of "Enhanced economic, social and environmental well-being".

Business Goals

6. Become and be recognised as a Civil Aviation Authority that does the right thing the right way.
7. Support and develop our people, recognising them as the source of our strength.
8. Maximise the benefits to our stakeholders of our expertise, products and services.

OUTCOMES AND OUTPUTS

Outcomes

The Government's desired outcomes to which the CAA must contribute are:

1. **A safe, sustainable transport system at reasonable cost**
2. **Enhanced economic, social and environmental well-being**

Note: "Reasonable cost" is defined in section 14 of the Civil Aviation Act 1990 as meaning "where the value of the cost to the nation is exceeded by the value of the resulting benefit to the nation".

Outputs

The services and associated activities (i.e. the Outputs) of the Civil Aviation Authority which contribute to the above Outcomes are grouped into the following Output Classes:

Output Class	Output	Source of Funding
Policy Advice	Advice to Government, Legislation Development, and Maintenance of International Aviation Safety Related Agreements	Crown funded
	Rules and Standards Development	Crown funded, except standards development work for CNS/ATM (Communications, Navigation and Surveillance/Air Traffic Management) and standards development for airworthiness directives which are levy funded, and the assessing and granting of exemptions which are funded through fees and charges
Safety Assessment and Certification	Aviation Document Assessment	Direct fees and charges and levy funding
	Monitoring and Corrective Action Identification	Direct fees and charges and levy funding
Safety Analysis and Information	Safety Investigation and Analysis	Levy funded
	Safety Education and Information	Levy funded
Enforcement	Responses to Regulatory Breaches	Levy funded
Search and Rescue	Provision of Class III search and rescue services	Crown funded

SUMMARY OF ACTIVITIES DURING THE YEAR

Introduction

The following is an overview of significant aviation safety activities undertaken by the CAA during the year. Details of the more specific and/or routine activities undertaken are contained in the Statement of Service Performance later in this report.

1. Safety and Security

1.1 Civil Aviation Rules

The Minister of Transport signed amendments to Part 125 *Air Operations – Medium Aeroplanes* and Part 129 *Foreign Air Transport Operation Certification* during the year and these changes became effective in October 1999. A Notice of Proposed Rule Making (NPRM) for Part 115 *Adventure Aviation* was also issued in October 1999 while work was continued on amendments for Part 93 *Special Aerodrome Traffic rules and Noise Abatement Procedures*.

Considerable progress was made in dealing with petitions for exemptions to Rules after detailed discussions were held with the Aviation Industry Association (AIA) to address their concerns and seek input on the issue of outstanding of petitions for exemptions from rule requirements and the issues surrounding petitions for rule amendments.

Joint CAA/industry working groups continued developing advisory circular information to assist the certification of small aircraft and helicopters under Rule Parts 119 *Air Operator Certification* and 135 *Air Operations – Helicopters and Small Aeroplanes* and to resolve concerns about existing rules and provisions for low flying.

A heightened interest in wire strike accidents prompted the reactivation of a project the CAA originally initiated on the issue in 1997. A detailed cost benefit analysis of proposed wire marking requirements was completed for input to the associated NPRM development

Amendments to the Transport Accident Investigation Commission Act 1990 of October 1999 addressed the issues surrounding the fitting of cockpit voice recorders and flight data recorders into air transport aircraft. The associated civil aviation rules came into effect on 1 July 2000.

1.2 Airworthiness Directives

During the period 104 general aviation and 27 emergency airworthiness directives were issued. An emergency airworthiness was issued in relation to suspected wide spread contamination of avgas fuel, however, with no reported engine problems traceable to the suspect aviation gasoline (Avgas) fuel in New Zealand, the directive was later cancelled.

1.3 Ansett NZ Strike

Industrial action by Ansett New Zealand pilots continued through the period and the CAA worked closely with Ansett New Zealand to approve and oversee the required amendments to company training manuals and procedures.

1.4 Training and Seminars

A number of safety training workshops and seminars were held throughout the country during the year. These included;

- 24 Av-Kiwi Safety Seminars to promote safe aviation practices and decision-making,
- Part 135 Rule training seminar “road-shows” conducted at major centres on the application of the rule,
- a two-day Part 146 Design Delegation Holders’ seminar, and
- 10 one-day seminars for licensed aircraft maintenance engineers and other industry people with interest in the obligations and responsibilities of maintenance personnel.

Attendance figures for the workshops and seminars were high and the response from participants was positive and encouraging.

1.5 0800 Get Rules

The provision of printed Civil Aviation Rules and other CAA publications moved into a new phase with the launch of free-phone 0800 GET RULES in November for a 12-month trial. Also during the year a special 0800 telephone help line was set up to assist with inquiries regarding Part 135 *Air Operations – Helicopters and Small Aeroplanes*.

1.6 Risk Indices

The *Audit Quality Index* (AQI) project continued to be operated as a pilot scheme. The process involves clients receiving, with their copy of their audit report, a copy of their AQI score and a breakdown of the individual evaluation components. After one year in operation the AQI system continues to give consistently good results and has been well accepted by the industry.

On 1 March 2000 the CAA commenced an *Operator Risk Assessment* trial. Thirty risk assessments were undertaken to the end of the year, most as a result of the CAA being advised of a critical or major safety occurrences.

Similarly, the *Risk Potential Index* trial operating through the period will continue until the end of October 2000. The CAA will then decide as to the overall viability of the concept.

The *Non-Compliance Index* values computed for organisational document holders have now been included in the six monthly Aviation Safety Report to the Minister of Transport. The NCI indices are proving to be a stable indicator of actual document holder safety and quality performance.

1.7 CAA / Industry Relationships

The CAA / Industry Rules Advisory Group (CIRAG) executive met several times during the year to review progress of the various Technical Study Groups and to establish a number of new groups;

- Recreational Pilot Certificates,
- Part 65, Air Traffic Services Personnel Licensing and Ratings,
- Wire marking

Progress in most areas has been positive.

The CAA has also been working closely with the New Zealand Agricultural Aviation Association (NZAAA) to address their concerns and to develop guidance information to assist operators in carrying out their operations without creating a nuisance or safety concern to third parties on the ground.

1.8 Air Operator Certificates

In July the Transitional Air Operator Certificate (TAOC) of Westair Flying Ltd was suspended following the discovery of a helicopter being operated by Mount Hutt Helicopters ostensibly under the Westair certificate but without any effective supervision.

On 30 November the CAA suspended the TAOC and Regulation 191 Training Organisation Certificate held by budget operator CityJet.

Surveillance on Southern Air was increased with on-site spot checks regarding progress made on previous CAA audit findings. The most recent audit carried out recorded a favourable impression with new procedures initiated to improve the quality assurance aspects of the operation.

K2000 / Pegasus Airlines ran into commercial problems and ceased operations thereby automatically relinquishing their operating certificates.

1.9 Passenger Weight Survey

During the year a passenger weight survey was carried out at Auckland, Wellington, and Christchurch domestic aerodrome terminals. The survey results showed that the standard passenger weight should be increased to 85kg. This change will now be processed through appropriate rule amendments in the near future.

1.10 Reduced Vertical Separation Minima

The CAA actively participated in International Civil Aviation Organisation (ICAO) Task Force meetings held to develop policy and procedures for the reduction in vertical separation between aircraft in the Pacific region. As a result the Reduced Vertical Separation Minimum (RVSM) system for aircraft operating above 29,000 ft was successfully implemented in the Pacific on 24 February 2000. The new system gives air traffic control greater flexibility with traffic management and the aircraft operators improved aircraft efficiencies.

1.11 ICARUS

The private company ICARUS (Information Confidentially Accepted then Reported Universally for Safety) providing a confidential avenue for the aviation industry to report aviation safety concerns has ceased operations because of a shortage of funds. Attempts to obtain funds and establish a constitution with an appropriate business structure and means of maintaining the confidentiality of reports have failed despite the endeavours of the CAA to facilitate a viable solution.

1.12 Policy Review

The review of policies dealing with aviation examination, drugs and alcohol in civil aviation, and air traffic services issues continue to make steady progress.

Aviation Examinations

The Authority accepted the final report on the *Review of the Delivery of Aviation Examinations in New Zealand* and accepted the recommendation to maintain the current system with Aviation Services Limited as the sole provider of examinations until the end of its current delegation. Through consultation and discussion, the CAA has been working to float its perspective of the future of aviation examination systems to industry.

Aeronautical Information Services

A joint CAA – Airways Corporation of New Zealand (ACNZ) project was convened to consider the supply and funding of New Zealand Aeronautical Information Services (AIS).

A review on the AIS was conducted in parallel with the Ministry of Transport's *Maintenance of Air Traffic Services* project. With regard to the latter, the CAA raised its concerns about a number of gaps in the regulatory framework with respect to the provision of air traffic services (ATS) and an issues paper was put forward to the MOT for comment.

Consensus has been reached with most of the industry on the need to increase the use of the AIS and the lowering of prices for the Aeronautical Information Publication (AIP) and Notice to Airmen (NOTAM) components. The issue of most appropriate funding mechanism and responsibility remains. The AIA Airports Division has acknowledged the appropriateness of charging airports as part of the funding arrangements but continues not to accept the level of charges being proposed.

Further consideration of the conditions for the acquisition of the AIP production database part of the AIS and the proposed service agreement between ACNZ and the CAA are progressing with closure anticipated in the latter half of 2000.

1.13 Bilateral Aviation Safety Agreement

Moves to negotiate a new *Bilateral Aviation Safety Agreement* (BASA) between the United States and New Zealand were progressed by the visit of a Federal Aviation Administration (FAA) representative during the year. As a result of discussions, an FAA airworthiness team will undertake a technical assessment of CAA in August 2000. The BASA will initially be limited to the exchange of aeronautical products and the mutual acceptance of airworthiness certifications made in both countries.

1.14 Airport Security

Auckland International Airport

The CAA is continuing its review of passenger security at Auckland International Airport Limited (AIAL) following findings from a routine evaluation of aerodrome and airline security carried out by the FAA. The findings relate to the mixing of arriving and departing international passengers at the airport. A consultation paper on the issue was distributed to interested parties for comment and, as a result, constructive practical inputs were received from the Board of Airline Representatives of New Zealand, Air New Zealand and AIAL.

Queenstown Airport

Compliance issues relating to Queenstown Airport security were addressed during the period. An exposition document has been produced by the Queenstown Airport company and a follow up CAA security audit reported full compliance.

1.15 Special Notices

The CAA issued a total of 15 “Special Notices” to the aviation industry and Government agencies involved with aviation security alerting them to international issues threatening aviation. The CAA assisted industry, particularly scheduled and charter air transport operators, with the daily formal and informal threat situation reports on the crisis in Fiji.

1.16 Icing Project

The CAA has adopted a number of recommendations from a report prepared in the first phase of a project initiated to minimise the risk of aircraft icing in New Zealand.

The first of these recommendations required the development of an educative manual based on the Flight Safety Digest entitled *Protection Against Icing: A Comprehensive Overview* compiled by the Flight Safety Foundation. A draft of the CAA version was completed during the year.

An education project aimed at general aviation pilots was identified and this will be implemented over the next three years. Amendments to existing licensing syllabi will be developed once the *Icing Manual* is available. Similarly a comparison of training texts (against the syllabi) and a review of aircraft operator’s manuals for content on icing are dependant on the completion of the Icing Manual and subsequent syllabus review.

1.17 Ground Proximity Warning Systems

A report was provided to the Ministry of Transport for presentation to a Transport and Industrial Relations Select Committee hearing question relating to claims that pilots were disabling the Ground Proximity Warning Systems (GPWS) because of loud volume. The information was tabled with the committee.

1.18 Special Medical Assessment

Since February 1997 the CAA has required special medical assessment of any pilot whose risk of an incapacitating cardio-vascular event was greater than 1% per annum. Enforcement of this requirement during the year resulted in an increased number of older pilots undergoing special medical assessment and in some cases facing restrictions on their medical certificate.

Enforcement of the policy was misinterpreted as “the CAA taking a new, tougher stance on older pilots”. In response, the CAA presented the factual situation in letters to various publications, in replies to individuals, the AIA, AOPA and various flying clubs. An educational brochure was published and distributed, information placed on the CAA website and face-to-face meetings held with those who had misunderstood the situation.

2. Risk Management

2.1 Claims against the CAA

There are 10 outstanding civil cases involving the CAA or the Director of Civil Aviation. Eight of those cases involve claims for damages as a result of alleged tortious conduct on the part of the Director or the CAA. Two actions are appeals from decisions of the Director under the Civil Aviation Act 1990.

2.2 Year 2000 readiness

Aviation industry progress, including that of the CAA, towards an acceptable standard of Year 2000 readiness was assessed and found adequate in a national exercise during September 1999. The CAA actively promoted the readiness message to the commercial and general aviation parts of the industry. Based on the fourth independent audit carried out during the second quarter, the State Services Commission (SSC) assessed the CAA internal Y2K readiness at 4.8 out of 5. This result placed the CAA in the top group of 9 of the 61 high impact organizations monitored by the SSC.

During the rollover from 31 December 1999 to 1 January 2000, key people were on site at CAA and the National Rescue Co-ordination Centre was manned. In the event there were no Y2K related incidents affecting the aviation industry or the CAA support systems. Nil reports were sent at all required reporting times. The preparations undertaken by both aviation industry and the CAA resulted in no incidents during the key Y2K rollover dates.

2.3 Audit of the CAA

During the period Audit New Zealand assessed the CAA's financial and service performance management as good in all of the five management aspects reviewed.

Also during the year a special Controller and Auditor General audit concentrated on CAA audit processes and the development of confidence rating systems. It also reviewed the system of cost benefit analysis used by CAA. The CAA has not yet received a preliminary report.

2.4 Levy Funding

Risk associated with Levy funding materialised earlier this year due to the Ansett New Zealand strike. However, the effects were mitigated by reconciliation payments for previous periods and an increase in domestic passenger numbers.

Delays in amending the Safety (Levies) Order to cover a new regional passenger service provider have also negated possible funding for the period.

2.5 ICAO Safety Oversight Audit

An ICAO Safety Oversight audit of the CAA undertaken during August 1999 was satisfied with the CAA's performance. The CAA's action plan to address the audit findings was sent to ICAO in November 1999. The final ICAO report on its audit was published on the CAA Web site.

2.6 Civil Aviation Act amendments

During the year the CAA considered a number of amendments to the Civil Aviation Act for inclusion in a proposed Bill. It is anticipated that a draft Bill incorporating these and other legislative amendments will be presented to Parliament later in 2000.

3. Strategic Management

3.1 Client Relationship Project and CAA Restructuring

During the later part of 1999, the Authority and the Director established a project aimed at improving the relationship between the CAA and its industry clients. An external consultant was contracted to identify the existing organisational culture and to analyse the style and effectiveness management and leadership within the CAA.

Workshops were held focusing on identifying the keys to improving individual attitudes and the CAA culture. As a result, the Authority adopted the Director's recommendation that the CAA move to a client oriented structure. The process to implement this move was initiated in December and largely completed by the end of the period.

The restructuring process has been unsettling for some existing CAA staff and there have been a higher number of resignations than usual during the year.

3.2 Rule Development Process

The CAA was requested to respond to draft proposals to divert the funding provided to the transport agencies for safety target setting and rule writing to the Ministry of Transport.

The procedures for the Minister to make rules were changed in accord with the Cabinet decision on the matter. From 1 July 2000 the Minister will purchase aviation rule making projects from the Civil Aviation Authority under a discrete contract for services.

Also during the year, Parliament's Regulations Review Committee carried out a review of an amendment to Rule Part 125 *Air Operations – Medium Aeroplanes*. The CAA made a presentation to the Committee that satisfied it that the consultation that was undertaken during the rule-making process was adequate.

3.3 Key Visits

During the year the CAA received visitors from the Civil Aviation Safety Authority of Australia, the Federal Aviation Authority (USA), the Papua New Guinea Government, and a high level delegation from Aerolineas Argentinas and the Kuala Lumpur International Airport Company.

The Chairperson of the Authority and the Director of Civil Aviation visited the Director and Board of the Civil Aviation Authority of South Africa at their invitation. Other CAA personnel attended various meetings or represented New Zealand and the CAA at venues in Brazil, Vietnam, Australia, and Japan.

GOOD EMPLOYER REQUIREMENTS

All CAA's human resource policies, procedures and programmes encompass the good employer requirements set out in sections 28 to 30 of the Third Schedule to the Civil Aviation Act 1990.

1. Staff Numbers

	1998/1999	1999/2000	Variance
Female	37	43	+6
Male	104	102	-2
TOTAL	141	145	+4

2. Employment Contracts

The CAA continues to maintain and update documented employment contracts for all personnel. These contracts define the terms and conditions of employment with the CAA.

3. Equal Employment Opportunities

Existing Equal Employment Opportunities (EEO) were maintained during the period.

4. Employee Assistance Programme

Adequate resources were allocated to maintain the continued success of this programme. Several people obtained assistance through CAA's Employee Assistance Programme (EAP) throughout the year, facilitated by two trained in-house EAP officers. In addition, a number of staff took advantage of the counselling services offered by Gilmour McGregor during the restructuring in the first quarter of 2000.

5. Maori Perspective

An annual resource allocation is available to CAA staff requesting assistance to increase their knowledge and understanding of Te Reo Maori. Resources are also available for projects that further enhance Maori initiatives within the CAA's business operations. CAA's obligations with respect to Maori are also encompassed in the development, review and amendment of human resource policies and procedures.

6. Training

Staff attended a wide variety of both technical and general training seminars, conferences and workshops throughout the year as a result of CAA's ongoing commitment to staff development. A record of all training undertaken is held in the Human Resources Unit.

SEARCH AND RESCUE SERVICES

1. Significant Search and Rescue Activities

The NRCC was activated on 13 occasions during the period under review to conduct a variety of Class III SAR operations that resulted in 63 people being rescued, 25 deceased being recovered and three bodies not able to be recovered. The significant search and rescue operations included the following:

- (a) On 27 August 1999 the yacht, “Mana T”, with three people on board activated their distress beacon while en route from Fiji to New Zealand. The NRCC was activated and an RNZAF Orion was despatched to locate the stricken vessel. The Orion located the yacht and coordinated the rescue of the crew by the Russian vessel “Mekhenik Modovenou”.
- (b) On 21 November 1999 a Canterbury Aero Club aircraft, ZK-DUU ran out of fuel and ditched near the coastline in Pegasus Bay after broadcasting a distress message. An extensive search by aircraft and marine vessels failed to locate the aircraft or the two occupants, although two flight bags from the aircraft were located in the surf. The bodies of the two occupants were washed ashore over the next two days and the aircraft was eventually located by sonar 4km offshore and recovered.
- (c) On 25 December 1999, the NRCC was activated after receiving a distress call from a Cessna aircraft east of New Plymouth. A search involving several aircraft resulted in the crashed aircraft being located near Te Wera. Both the pilot and passenger were killed.
- (d) On 7 March 2000 a Squirrel helicopter carrying three Police and Telecom technicians as passengers was overdue on a flight from Raglan to the summit of Mt Karioi and return. There were no ELT transmissions detected but wreckage was located on the slopes of Mt Karioi. There were no survivors.
- (e) On 9 March 2000, the fishing vessel ‘SEA FRESH 1’ with a crew of 18 reported that it was on fire 40 miles north of the Chatham Islands. The fire was eventually extinguished and the vessel was joined by the ‘Amaltal Endeavour’ and towed to Hansen Bay in the Chatham Islands. There were no casualties.
- (f) On 2 April 2000 a small trailer boat, ‘Mafoff III’, departed Maketu with four people on board for a day’s fishing in the Bay of Plenty. When they failed to return the Police were alerted and a Class II SAR operation was initiated. Next morning the NRCC was activated and a Class III SAR operation involving an RNZAF Orion and three civilian aircraft and several Coastguard vessels resulted in one survivor being rescued. Despite an extended search effort, the bodies of the remaining members of the fishing party have not been recovered.
- (g) On 14 April 2000 the NZ LUT detected an ELT transmission, which resulted in a Class III SAR operation involving New Zealand, French and Australian military aircraft being coordinated initially by the Noumea RCC. The responsibility for managing the SAR operation was transferred to the NZ NRCC when the satellite reporting indicated that the vessel in distress, a New Zealand - registered yacht,

‘Longfellow’, with two adults and a child on-board, had moved into the NZ SRR. An RNZAF Orion aircraft located the ‘Longfellow’, which had been damaged in a storm. It was arranged for another vessel to rendezvous with ‘Longfellow’ and escort her to Norfolk Island.

- (h) On 2 May 2000 a distress beacon was detected south of Fiji by the NZLUT. The NRCC was activated and an RNZAF Orion aircraft was tasked to locate the beacon source. The Orion found the British yacht, ‘Remo’, in a distress situation with one person on board. Another yacht was located nearby and guided to the distress scene where it rescued the solo sailor who abandoned his yacht.

2. Other Significant Search and Rescue Activities and Events

- (a) From 25 to 29 October 1999, Assistant Director SAR attended the annual COSPAS-SARSAT council meeting in London. A key discussion item was the future use of 406 MHz as the prime emergency frequency and the phase out of the emergency frequencies 121.5 and 243 KHz due in 2008.
- (b) Between 28-30 January 2000 the first of a series of workshops to identify and improve communications and control of searches between Police and the National Search and Rescue Centre was held at the Police Training College.
- (c) The Chief Executive of the Australian Search and Rescue organisation visited the NRCC for a briefing on its organisation and activities.
- (d) On 18 February 2000, the NRCC was represented at a meeting sponsored by the Royal New Zealand Coastguard Federation in Auckland to consider the Terms of Reference and arrangements for the conduct of a Northern Region Marine SAR Resources Review. This resulted in the appointment of a Reviewer (Mr John Thurston) and a Review Management Team to complete the task by 28 April 2000.
- (e) The upgrade to the existing Low Earth Orbit Local User Terminal (LEOLUT) to incorporate a Geo-stationary Satellite Local User Terminal (GEOLUT) function was completed in February. This facility is connected to the COSPAS-SARSAT Mission Control Centre in Canberra and relies upon the geo-stationary satellite GOES-W located on the Equator at longitude 135W for the reception of information from the distress beacons operating on 406MHz. Initial testing of the GEOLUT was carried out in March was commissioned as part of the COSPAS-SARSAT GEOSAR system in June 2000.
- (f) During the period 13-15 March 2000 the Assistant Director of Search and Rescue attended a COSPAS-SARSAT Task Group Meeting in Canberra to refine the draft plan for the phase-out of 121.5/243 MHz as the primary emergency locator beacon frequency. The proposed date for the phase-out of this facility on the COSPAS-SARSAT satellites is now set for 1st February 2009.
- (g) The Assistant Director Search and Rescue attended “Search and Rescue 2000” seminar in Brighton, England March 2000 presenting a paper on the New Zealand search and rescue organisation. This visit provided the opportunity to discuss SAR activities and review and observe SAR techniques and equipment.

- (h) Over the weekend of 29-30 April 2000, the NRCC staff conducted a Course at the Royal New Zealand Police College, Porirua for 31 Police and Coastguard personnel who received theoretical and practical training, including airborne experience, in the role of SAR Air Observers.
- (i) On 3 May 2000, the Manager NRCC and SARAO attended a SAR Debriefing for the 'Mafoff III', which sank with the loss of three lives on 1 April 2000.
- (j) The Manager NRCC attended the Sixth Meeting of the Australian Search and Rescue Council held in Canberra, 7 June 2000. The opportunity was also taken to finalise the familiarisation visit for SARAO in July and develop the scenario for a joint AusSAR/NRCC SAREX.
- (k) Over the weekend 16-18 June 2000, the NRCC conducted a seminar for Police SAR personnel from Northland, Gisborne, Tauranga and Wairarapa at the Royal New Zealand Police College.
- (l) On 30 June 2000, the NZGEO LUT was commissioned, declared fully operational and commenced processing 406MHz ELT data, for input into the COSPAS-SARSAT system.

POLICY DIRECTIVES

During this year, no new Policy Directives were issued.

Since the establishment of the Civil Aviation Authority, only one Policy Directive has been issued to the Authority on 1 September 1992 under the provisions of section 72C of the Civil Aviation Act 1990.

DELEGATIONS TO PERSONS OUTSIDE THE CAA

Section 23B of the Civil Aviation Act 1990 empowers the Authority and the Director to delegate any of their functions and powers under the Act, rules or regulations to any person who is not an employee of the Authority. Section 23B(2) expressly provides that the Director cannot delegate his powers to revoke aviation documents under sections 18 or 41, suspend aviation documents under section 41, or issue infringement notices pursuant to section 58. No delegation can be made pursuant to section 23B without the written consent of the Minister of Transport.

The Authority has not exercised its power under section 23B of the Act. The Director has delegated functions and powers as described below to persons not employed by the Authority.

The current Performance Agreement between the CAA and the Minister of Transport requires that each person outside the Authority to whom any powers are delegated must sign a letter of acknowledgement that

- (a) he or she will at all times comply with:
 - (i) all terms and conditions of the delegation as recorded in the Instrument of Delegation; and
 - (ii) the standards of service specified in the current Service Charter of the Authority; and
 - (iii) any other terms or conditions relevant to the exercise of the delegation which the Director may from time to time determine; and
- (b) any breach of these requirements may result in the revocation of the delegation.

Letters of acknowledgement have been signed by all persons holding a delegation made by the Director pursuant to section 23B of the Act.

1. Aviation Services Limited

In April 1998, with the consent of the Minister of Transport, the Director delegated to Mr Michael Lynskey, General Manager of Aviation Services Limited, his powers and functions under section 72K of the Civil Aviation Act 1990 to set, conduct and administer examinations and tests, conduct flight testing and carry out any related functions necessary for the granting or renewal of aviation documents to flight crew members. This delegation expires on 30 June 2002 unless suspended or revoked by the Director. The delegation is subject to various conditions and limitations specified in the Schedules to the Delegation.

The CAA Safety Audit Unit conducts regular audits of the company to monitor compliance with the conditions and limitations on the delegation.

2. Airways Corporation of New Zealand

In March 1997, the Director delegated his powers, with the consent of the Minister of Transport, under Rule 19.155 of the Civil Aviation Rules to:

- (a) prescribe meteorological minima for take-off and landing at aerodromes and associated conditions or requirements; and
- (b) prescribe the conditions and procedures under which aircraft operating under instrument flight rules may be flown; and

- (c) prescribe instrument approach procedures and missed-approach procedures in relation to the use of any aerodrome; and
- (d) publish meteorological minima, conditions, requirements and procedures so prescribed in the New Zealand Aeronautical Information Publication;

to Mr Dennis Hoskin, the Navigation Development Manager of Airways Corporation of New Zealand. The delegation is valid until the 15th day of September 2004, provided that Mr Hoskin continues to be employed as Navigation Development Manager for the Airways Corporation of New Zealand.

3. Microlight Organisations

The Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing, granting and renewing Microlight Pilot Certificates and Microlight Pilot Instructor Certificates prescribed by Civil Aviation Rule Part 103 to four individuals holding senior positions in the Sport Aviation Corporation Limited and the Recreational Aircraft Association of New Zealand Incorporated. He has also delegated to those individuals his powers under sections 8 and 10(3) of the Act in relation to receiving applications for those certificates and receiving information regarding whether applicants are fit and proper to hold those certificates.

Civil Aviation Rule Part 103 provides that Microlight Pilot certificates and Microlight Pilot Instructor Certificates are to be issued by holders of delegations issued by the Director employed by organisations certificated under Part 103. Both the Sport Aviation Corporation Limited and the Recreational Aircraft Association of New Zealand hold Microlight Organisation Certificates issued by the Director pursuant to Civil Aviation Rule Part 103.

The Civil Aviation Authority conducts an annual audit of the Sport Aviation Corporation Limited and the Recreational Aircraft Association of New Zealand Incorporated.

4. Gliders

The Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing, granting and renewing Glider Pilot Certificates and Glider Pilot Instructor Ratings prescribed by Part 104 and Part 19 of the Civil Aviation Rules to three senior persons nominated by the New Zealand Gliding Association. He has also delegated to those individuals his powers under sections 8 and 10(3) of the Act in relation to receiving applications for those certificates and receiving information regarding whether applicants are fit and proper to hold those certificates.

Civil Aviation Rule Part 104 requires glider certificates to be issued by the holder of a delegation from the Director for that purpose. The New Zealand Gliding Association is the holder of a Civil Aviation Rule Part 149 Aviation Recreation Organisation Certificate.

5. Hang Gliding and Paragliding

The Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing, granting and renewing Hang Gliding and Paragliding Certificates prescribed by Part 106 of the Civil Aviation Rules to two senior persons nominated by the New Zealand Hang Gliding and Paragliding Association (NZHGPA). He has also delegated to those individuals his powers under sections 8 and 10(3) of the Act in relation

to receiving applications for those certificates and receiving information regarding whether applicants are fit and proper to hold those certificates.

Civil Aviation Rule Part 106 requires hang gliding and paragliding certificates to be issued by the holder of a delegation from the Director for that purpose. The NZHGPA is the holder of a Civil Aviation Rule Part 149 Aviation Recreation Organisation Certificate.

6. Parachuting

The Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing, granting and renewing Parachutist Certificates prescribed by Part 105 of the Civil Aviation Rules to Mr Keith Graham Gallaher, Chief Executive of the New Zealand Parachute Federation. He has also delegated to those individuals his powers under sections 8 and 10(3) of the Act in relation to receiving applications for those certificates and receiving information regarding whether applicants are fit and proper to hold those certificates.

Civil Aviation Rule Part 105 requires parachutist certificates to be issued by the holder of a delegation from the Director for that purpose. The New Zealand Parachute Federation is the holder of a Civil Aviation Rule Part 149 Aviation Recreation Organisation Certificate.

7. Search and Rescue Mission Co-ordinators

The Director has delegated, with the consent of the Minister of Transport, his power in Civil Aviation Rule Part 73 to prescribe restricted areas for the purposes of Search and Rescue, Police, Fire Service and National Civil Defence Operations to five Search and Rescue Mission Co-ordinators contracted to the National Rescue Co-ordination Centre which is established, maintained and operated by the CAA pursuant to section 72B of the Act. The five Search and Rescue Mission Co-ordinators are not employees of the Authority. These delegations are valid for a period of three years, unless revoked by the Director.

8. Approval of Design Changes – Modifications and Repairs

The Director has delegated, with the consent of the Minister of Transport, the powers contained in Civil Aviation Rules 21.73(a)(2) and 21.505 to approve modifications and repairs:

- (a) in accordance with Civil Aviation Rule 21.81 by approving the modification's technical data under Civil Aviation Rule 21.505; and
- (b) in accordance with Civil Aviation Rule 21.433, by treating repairs as design changes to be approved as modifications.

These powers have been delegated to individuals employed by holders of Design Organisation Certificates issued by the Director under Civil Aviation Rule Part 146 and holders of Certificates of Approval issued under regulation 176 of the Civil Aviation Regulations 1953. The Director has imposed conditions and limitations on the exercise of the powers having regard to the qualifications of the individual delegates. The organisations are subject to the monitoring activities of the CAA under the Civil Aviation Act.

There have been a number of changes in these delegations in the reporting period due to the transition from Regulations 176 to Rule Part 146. Delegates were required to obtain an exemption under section 37 of the Act from the requirements of Part 146 pending their employer organisation's certification under Part 146.

Individuals employed by the following organisations hold delegations of the power to approve modifications and repairs:

- Air New Zealand
- Ansett New Zealand
- Pacific Aerospace Corporation
- NTech Limited
- Safe Air
- Aviation Design Solutions Limited
- Analysis and Design Associates Ltd

The delegations are valid for a period of five years, unless revoked by the Director.

STATEMENT OF IMPACTS AND CONSEQUENCES

A. INTRODUCTION

The aviation safety outcome measures, which relate to the Government's desired outcomes to which the Civil Aviation Authority must contribute, were established in 1993/94.

As the CAA is only one contributor to the achievement of such targets, various aviation industry representative organisations have been consulted on these or other possible targets and ways to reduce accident rates and improve levels of safety. While full agreement on aviation accident rates has not been achieved, accident rate reduction targets were established for specific categories of operations and aircraft for achievement by the year 2000.

Improvements continued to be made to the collection of data in support of these aviation safety outcome measures and the CAA's analytical tools to assess this data, and to identify causal factors and underlying trends.

B. OUTCOME MEASURES

The Government's desired outcomes to which the Civil Aviation Authority must contribute are:

1. **A safe, sustainable transport system at reasonable cost**
2. **Enhanced economic, social and environmental well-being**

Note: "Reasonable cost" is defined in section 14 of the Civil Aviation Act 1990 as meaning "where the value of the cost to the nation is exceeded by the value of the resulting benefit to the nation."

The overall aviation safety measures which relate directly to the first outcome above, and indirectly to the second, are the rates of the following categories of occurrences compared to established targets:

1. **Aircraft accidents**
2. **Aircraft incidents**
3. **Airspace incidents**
4. **Aircraft defects**
5. **Compliance with civil aviation safety rules**

Note: "Accident" is defined in section 2 of the Civil Aviation Act 1990 as meaning "an occurrence that is associated with the operations of an aircraft in which a person is fatally or seriously injured... or the aircraft sustains damage or structural failure ... or the aircraft is missing or completely inaccessible".

"Incident" is also defined in section 2 of the Act as meaning "any occurrence, other than an accident, that is associated with the operation of an aircraft and affects or could affect the safety of operation".

The objective of these measures is to identify:

- (a) the safety performance of the aviation industry;
- (b) areas where action needs to be taken by the CAA;

- (c) the consequences of action taken by the CAA (i.e. the impact and consequences of the CAA's outputs).

C. OUTCOME RESULTS

Notes: *The establishment of New Zealand Aviation Safety Outcome Targets is an ongoing process. It is important to appreciate that:*

- (a) *the CAA is only one contributor to the achievement of these targets, with the aviation industry the major contributor;*
- (b) *while consultation with the aviation industry has taken place on the setting of the aviation accident targets, full agreement has not been possible as some sectors of the industry do not consider such targets to be necessary or desirable;*
- (c) *the community's expectations in terms of acceptable levels of safety have not yet been established;*
- (d) *while benchmarking against other countries' rates is a useful measure, it still must be decided whether the rates achieved by these other countries are acceptable in the New Zealand environment.*

1. Aircraft Accidents

Fixed Wing Aircraft

- Target:**
- 1. A downward trend in the rate of aircraft accidents involving fixed wing aircraft.**
 - 2. By the year 2000, to reduce the rate of aircraft accidents involving fixed wing aircraft as shown in the table below.**

Measure: The number of accidents per 100,000 flight hours with reports based on the types of operation and aircraft weight breaks.

TYPE OF OPERATION FIXED WING AIRCRAFT	AIRCRAFT WEIGHT BREAK	MOVING AVERAGE	ACCIDENTS PER 100,000 FLIGHT HOURS BY YEAR 2000		LONG-TERM ACCIDENTS PER 100,000 FLIGHT HOURS	
			Target	Achieved 99/00	Target	Achieved 99/00
Commercial passenger and freight air transport operations	13600kg and above	10 years	0.5	0.50	<i>Trending down</i>	Trending down
	5700 to 13600kg	10 years	1.0	0.65	<i>Trending down</i>	Trending down
	2730 to 5700kg	5 years	2.0	6	<i>Trending down</i>	Trending down
	Below 2730kg	12 months	2.5	8	<i>Trending down</i>	Trending down
Commercial other than passenger and freight air transport operations	Below 2730kg	12 months	5	10	<i>Trending down</i>	Trending down
Private non-revenue	Below 2730kg	12 months	25	42	<i>Trending down</i>	Trending down

Helicopters

- Target:**
1. A downward trend in the rate of aircraft accidents involving helicopters.
 2. By the year 2000, to reduce the rate of aircraft accidents involving helicopters as shown in the table below.

Measure: The number of accidents per 100,000 flight hours with reports based on the types of operation and aircraft weight breaks.

TYPE OF OPERATION HELICOPTERS	MOVING AVERAGE	ACCIDENTS PER 100,000 FLIGHT HOURS BY YEAR 2000		LONG-TERM ACCIDENTS PER 100,000 FLIGHT HOURS	
		Target	Achieved 99/00	Target	Achieved 99/00
Commercial passenger and freight air transport operations	12 months	5	6.6	Trending down	Trending down
Commercial other than passenger and freight air transport operations	12 months	15	23	Trending down	Trending down
Private non-revenue	12 months	25	47	Trending down	Trending up

2. Aircraft Incidents

Target: A downward trend in the rate of aircraft incidents for fixed wing aircraft and helicopters.

Measure: The number of incidents per 100,000 flight hours with reports based on aircraft weight breaks as per those under Accidents above.

Aircraft Group	Trend
13,608kg and above	Trending up
5,670kg to 13,608kg	Trending up
2,721kg to 5,670kg	Trending up
Below 2,721kg	Trending up
Helicopters	Trending up

Safety outcomes are best expressed in terms of accident rates or other relevant measures of “social cost”. The term accident is a descriptive term used to represent the serious end of a Safety Occurrence scale that has Incident at its other (low-level) extreme. In risk management terms, the concept of identifying and dealing with low-level failure (Incidents) is receiving wide acceptance, and accordingly, the CAA promotes the detection and reporting of such events. This initiative, which is expected to have a long-term beneficial effect on aviation safety, may give the reader the impression that the actual number of safety events has increased. The CAA believes that the current upward trend in Aircraft Incident rates reflects an

increase in reported events rather than an identifiable increase in actual safety events.

3. Airspace Incidents

Target: A downward trend in the rate of pilot-attributable and ATS-attributable airspace incidents for fixed wing aircraft and helicopters.

Measure: Airspace incidents will be recorded by the number of incidents:

- (a) per 100,000 flight hours to allow comparison with accident and other incident rates, and overseas trends; and
- (b) in the case of ATS attributable incidents, per 100,000 movements in view of the relevance of movements to ATS operations.

Pilot-attributable airspace incidents will be categorised by weight breaks as per those under Accidents above.

Aircraft Group	Trend (ATS and Pilot)
13,608kg and above	Trending up
5,670kg to 13,608kg	Trending down
2,721kg to 5,670kg	Trending down
Below 2,721kg	Trending down
Helicopters	Trending down

Unlike Aircraft Incidents (which are identified and reported by aircraft operators), Airspace Incidents are, for the most part, identified and reported by the New Zealand airways service provider. For this reason, it is believed that changes in reporting levels are an indication of changing levels of safety within the aviation system. It is therefore disappointing to see that Airspace events for aircraft 13,608 kg and above increased in 1998 causing an overall upward trend for this group. However, continuing decreases since the end of 1998 indicate that the long-term trend will soon be a downward one.

4. Reportable Aircraft Defects

Target: A downward trend in the rate of reportable aircraft defects for fixed wing aircraft and helicopters.

Measure: The number of defects per 100,000 flight hours with reports based on aircraft weight breaks as per those under Accidents above.

Aircraft Group	Trend
13,608kg and above	Trending up
5,670kg to 13,608kg	Trending down
2,721kg to 5,670kg	Trending down
Below 2,721kg	Trending down
Helicopters	Trending up

Investigation has shown that the increase in the number of reported aircraft defects in the 13,608 kg and above group is a direct result of the CAA initiative to encourage detection and reporting of safety events. In this particular case the increase is due to a major operator recognising that many previously un-reported safety events involving aircraft engaged on extended range operations must be reported to the CAA.

The helicopter rate although trending up, is still less than half that of the two heavy aeroplane groups (which have significantly lower accident rates). The slope of the upward trending line is close to zero and it is believed the trend is more representative of system variability than of any particular safety problem.

5. Level of Compliance with Civil Aviation Safety Rules

Target: **An upward trend in the average compliance figure for specific industry sectors as measured against audit checklists.**

Measure: Until all new civil aviation safety Rules are implemented plus an automated monitoring system to measure compliance with each specific Rule or Rule Part, measurement of compliance will be based on the audit ratings for each sector across all existing audit checklists relevant to that sector. Each of these existing checklists covers a compilation of standards, regulations and Rules relevant to the sector concerned rather than one specific Rule or Rule Part.

With the full implementation of the new Rules which are in most instances sector-specific, compliance rates will be recorded on the basis of the number of times compliance or non-compliance is found compared to the number of times each specific Rule or Rule Part is tested (e.g. during audits and spot checks using more rule-specific checklists).

This will allow comparison of compliance with each Rule or Rule Part with the safety achievement of the sector to which that Rule or Rule Part relates, and also provide a means of testing whether the Rules are targeting the correct safety elements to produce safe operations.

D. VALUE FOR MONEY TARGETS AND MEASURES

1. Cost Efficiency

Performance Measures	1999/2000 Results	
The ratio of output expenditure to the number of domestic air transport seat-kilometres flown.	Output expenditure	\$18,944,000
	Number of domestic air transport seat-kilometres flown (millions)	5,709
	Ratio	\$3,318
	<i>Ratio (1999)</i>	<i>\$3,084</i>
<i>Trends from year to year and three year rolling average.</i>	Yearly Trend	+\$235
	Three year rolling average	\$3,236
The ratio of output expenditure to the number of organisation aviation document holders.	Output expenditure	\$18,944,000
	Number of organisation aviation document holders	408
	Ratio	\$46,431
	<i>Ratio (1999)</i>	<i>\$42,322</i>
<i>Trends from year to year and three year rolling average.</i>	Yearly Trend	+\$4,110
	Three year rolling average	\$42,582
The ratio of output expenditure to the number of registered aircraft in New Zealand as compared to the ratio ⁽¹⁾ for the authorities of Australia, USA, UK, and Canada (where comparable data is available).	Output expenditure	\$18,944,000
	Number of registered aircraft in NZ	3,313
	Ratio	\$5,718
	<i>Ratio (1999)</i>	<i>\$5,177</i>
<i>Trends from year to year.</i>	Yearly Trend	+\$541

Explanation of Trend Variations

A combination of reduced output expenditure (2.3%) and increased seat-kilometres flown (4.8%) resulted in an (6.7%) improvement in cost efficiency (\$3084) in 1999 as compared to (\$3306) in 1998, while a (10.0%) increase in output expenditure in 2000 resulted in a (7.6%) deterioration in cost efficiency to (\$3318) in 2000.

A 10.0% reduction in the number of organisational document holders in 1999 mitigated by reduced output expenditure (2.3%) resulted in an (8.5%) deterioration in cost efficiency (\$42322) in 1999 as compared to (\$38993) in 1998, and a (10.0%) increase in output expenditure in 2000 resulted in a further (9.7%) deterioration in cost efficiency to (\$46431) in 2000. A projected increase in output expenditure to \$20,000,000 in the 2000/2001 financial year is expected to give a cost efficiency of \$49020 per organisational document holder resulting in a further upwards (adverse) trend for this measure.

A 2.3% reduction in the number of registered aircraft in 1999 mitigated by reduced output expenditure (2.3%) resulted in a (0.02%) deterioration in cost efficiency (\$5177) in 1999 as compared to (\$5176) in 1998, and a (10.0%) increase in output expenditure in 2000 resulted in a further (10.4%) deterioration in cost efficiency to (\$5718) in 2000. A projected increase in output expenditure to \$20,000,000 in the 2000/2001 financial year with relative stability in the level of registered aircraft is expected to give a cost efficiency of \$6037 per registered aircraft resulting in a further upwards (adverse) trend for this measure.

2. Cost Effectiveness

Performance Measures	1999/2000 Results	
The ratio of the change in the number of reported aircraft accidents per 100,000 flight hours to the average output expenditure for the previous two years.	Change in the number of reported aircraft accidents per 100,000 flight hours ⁽²⁾	1.724
	Average output expenditure	\$18,084,500
	Ratio	9.53x10⁻⁸
	<i>Ratio (1999)</i>	<i>-8.58x10⁻⁸</i>
<i>Trends from year to year and three year rolling average.</i>	Yearly Trend	+18.12x10 ⁻⁸
	Three year rolling average	3.36x10 ⁻⁸
The ratio of the change in the number of accidents causing death or serious injury per 100,000 flight hours to the average output expenditure for the previous two years.	Change in the number of accidents causing death or serious injury per 100,000 flight hours ⁽²⁾	0.265
	Average output expenditure	\$18,084,500
	Ratio	1.47x10⁻⁸
	<i>Ratio (1999)</i>	<i>1.40x10⁻⁸</i>
<i>Trends from year to year and three year rolling average.</i>	Yearly Trend	+0.06x10 ⁻⁸
	Three year rolling average	0.11x10 ⁻⁸
Ratio of output expenditure to the number of accidents causing death or serious injury in New Zealand compared to the same ratio ⁽¹⁾ for the authorities of Australia, USA, UK, and Canada (where comparable data is available).	Output expenditure	\$18,944,000
	Number of accidents causing death or serious injury in NZ ⁽³⁾	14
	Ratio	\$1,353,143
	<i>Ratio (1999)</i>	<i>\$1,435,417</i>
<i>Trends from year to year.</i>	Yearly Trend	-\$82,274

- Notes:**
1. Comparable data for the same ratio are not yet available.
 2. The number of reported aircraft accidents per 100,000 flight hours for sport, hang glider, and parachutes are not available.
 3. Number of accidents excludes sport, hang glider, and parachutes.

E. CAUSAL FACTORS

Starting from 1999/2000 financial year, Safety Summary Reports have been completed and submitted to the Minister on a quarterly basis. The first of these quarterly reports was submitted early July 1999. These reports contain the details of causal factors relating to aircraft accidents.

AVIATION SECURITY SERVICE

AVIATION SECURITY SERVICE

FUNCTIONS

The Aviation Security Service is responsible for:

- Screening all departing international passengers and baggage at all international airports in New Zealand to ICAO standards;
- Providing 24 hour mobile perimeter patrols at security designated aerodromes;
- Providing security services as required including aircraft guards, aircraft searches and passenger reconciliation;
- Issuing Airport Identity Cards and maintaining the National Airport Identity Card database;
- Providing advice on aviation security to the Government and the aviation industry; and
- Collecting, analysing and disseminating intelligence.

In addition to and in furtherance of the above statutory functions, the Aviation Security Service also is responsible for:

- Screening all departing international passengers and baggage at all international airports in New Zealand to standards laid down in relevant legislation, regulations or Rules as may be determined from time to time;
- Providing mobile perimeter patrols at security designated aerodromes to standards laid down in relevant legislation or regulations or otherwise as determined by the Director of Civil Aviation from time to time;
- Providing aviation security services as required by the aviation industry, including aircraft guards, aircraft searches and passenger reconciliation to standards laid down in relevant legislation, regulations or Rules;
- Undertaking services on behalf of the Director of Civil Aviation;
- Providing advice on aviation security to the Government and the aviation industry;
- The collection, recording and analysis of all relevant aviation security information and the production of reliable intelligence reports; and
- Providing draft replies for Ministerial correspondence as requested by the Secretary for Transport on behalf of the Minister.

MISSION, STRATEGIC GOALS, OUTCOMES AND OUTPUTS

Mission Statement

We improve the safety of Aviation by the application of specific security measures.

1. Strategic Goals

In order to achieve its Mission the Service has seven major Goals:

1. Ensure the cost effective delivery of Aviation Security Service's core business, through the development of quality systems and the application of best practice across the Service.
2. Expand further into enforcement and other aviation security related activities.
3. Respond to Government requests for specialist security services.
4. Ensure the Service's human resources meet the future demands of the organisation, and facilitate implementation of the strategic plan.
5. Be recognised as a leader in the provision of aviation security services and expertise, through active marketing and promotion.
6. Exert an influence on the external environment through promoting viable working relationships with the aviation industry and other key stakeholders.
7. Have a funding regime that supports the future development requirements of the Service.

2. Outcomes

The Government Outcomes towards which the Aviation Security Service were required to contribute during the 1999/2000 financial year were:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well being.
3. Community security.

Note: "Reasonable cost" is defined in section 14 of the Civil Aviation Act 1990 as meaning "where the value of the cost to the nation is exceeded by the value of the resulting benefit to the nation".

3. Outputs

The Output for which the Aviation Security Service was responsible during the 1999/2000 financial year was *Aviation Security Services*.

SUMMARY OF ACTIVITIES DURING THE YEAR

1. Changes to Funding Regime

11 July 1997 saw the introduction of a new funding regime for the Aviation Security Service with a reduction in the international departing passenger levy from \$5.00 (GST inc.) to \$4.00 (GST inc.). The effect of the change continued to be felt during the 1999/2000 year. However, the number of passengers increased to such an extent that the Service was able to record a small surplus for the first time since the change.

2. Trans-Tasman Operations

During the year the Service continued to develop its regional airport operations. New staff were appointed in Hamilton, Palmerston North and Queenstown and locally based supervisors appointed in Palmerston North and Dunedin. The Queenstown operation continues to be directly managed from Christchurch.

3. VIP Movements

During the year, the Service committed 81 hours to VIP visits. This figure does not include the hours worked on the APEC series of meetings or the State Visits that followed.

4. Planning

Planning during the first two months of the year was concentrated on the preparations for the APEC meetings and the State Visits to follow. There was also considerable involvement in the Border Control Review. The other main planning activity was the preparation of the Service's business plan for the year 2000/2001.

5. Internal Audits

The internal audit system, involving monthly checklists in addition to six monthly audits continued successfully during the year. This system has improved the monitoring of the Service's activities. A monthly Management Review Report was introduced that summarises the results not only of the internal audit system, but also external audits and recurrent testing regime. This report provides the General Manager with an up-to-date assessment of the health of the Service's systems.

6. Appointments

Several new appointments and promotions were made during the year. The selection system introduced previously, has continued to be used and has been further developed in the light of experience in its use.

7. IT Developments

The first half of the year saw a heavy commitment to preparations for the Millennium change. The Service scored highly in the State Service Commission audits and experienced no disruption to any of its systems resulting from the Millennium changeover.

The Airport Identification Manager (AIM) and Aviation Security Statistics Recording (ASAR) in house programmes were further developed and provided very good service.

Toward the end of the year the Service embarked on the development of an Intranet and also an Internet site. These are expected to become operational during the 2000/2001 year.

8. Explosive Detector Dog Unit

The five Explosive Detector Dogs (EDD) were fully operational in time for the APEC meetings and were heavily involved in the security arrangements for the event. Following the meetings, the teams were redeployed to their bases, three to Auckland and one each to Wellington and Christchurch.

EDD teams are regularly called upon to investigate unattended bags at airports. They are also called upon to check oversize cargo and other bags that are too large to go through the available X-ray machines. In addition, they are used to search aircraft and have been called out by Police on a number of occasions to assist in their operations.

9. Accommodation

The move to a new screening point location at Wellington went ahead as planned, giving a much improved working area. New office accommodation and screening point at Palmerston North are under construction and should be occupied in the next year. This will provide the staff at the airport with their own space for the first time, having previously used the airport company boardroom in lieu of an office.

10. Triennial Independent Performance Review

Implementation of the recommendations of the PricewaterhouseCoopers review report was delayed due to the heavy commitment to the APEC meetings. An implementation plan was established following the meetings and a project manager appointed. This project was well advanced at the end of the year with progress being reported to the Authority at regular intervals.

11. Review of Border Control Machinery

The review, started in December 1998, was completed during the year and excluded the Service from any amalgamated department on the basis that it is not a true border agency. The Service provides services to aviation, currently mainly at the border, but not restricted to that location.

While the Service is not included in the "border agencies", it is involved in processing passengers, their bags and some cargo at the border. It is, therefore, involved closely in the operations of the border agencies and works in with them whenever possible. It continues to seek ways to assist in improving cooperation with the other agencies at the border.

GOOD EMPLOYER REQUIREMENTS

The primary influences on the Aviation Security Service's human resources policies and practices are the good employer requirements of sections 28 to 30 of the Third Schedule to the Civil Aviation Act 1990 and the Service's commitment to the principles of total quality management and progressive human resources management.

1. Staff Numbers

	1998/1999	1999/2000	Variance
Female	85	77	-8
Male	114	103	-11
TOTAL	199	180	-19

2. Training

The year was another busy one for the training section. A review was undertaken of the training section resources, resulting in a decision to enhance them. In August two further regional quality training officers were appointed, taking the size of the training section to four, and in June 2000 a decision was made to appoint a further training officer. A review was also undertaken of the job description of the Co-ordinator Training Service's position, to reflect the greater strategic and planning role intended for it.

The year saw the completion of three recruit courses, one in Auckland and two in Wellington. After completing the courses the new officers received additional on the job training at their respective stations.

In the lead up to the September APEC meeting and accompanying VIP visits, special training was provided to staff involved in the security arrangements. This included training on wand and loading functions provided to the twenty-seven RNZAF staff seconded to the Service for APEC duties.

In October and November the Service conducted two crisis management courses for middle managers from the Asian/Pacific region. These courses were provided at the request of the International Civil Aviation Organisation and were attended by a total of forty-two from a variety of countries.

The request to provide these courses reflects the Aviation Security Service's growing international profile and reputation in the training area. These courses also benefited management of New Zealand's aviation security risks as many of the attendees were from less developed countries with direct links to New Zealand airports.

The Service also continued with its Pacific training programme. During the year staff visited Fiji, Norfolk Island, Rarotonga and Samoa to provide training. Funding and the long-term strategic objectives of this training programme remain ongoing issues. In February Service officials met with officials from the Ministry of Foreign Affairs and Trade to explore options for using New Zealand's Pacific aid budget to support the Service's training programme.

In early 2000 the Service was awarded the contract to provide induction training to the first intake of Court security officers, employed by the Department for Courts. This involved preparation of course content and the delivery of the two courses. The programme was completed in May.

The other focus of training activity during the year was the development of new training modules for the training/quality programme that is to be completed by 30 June 2001. This programme was developed at a December meeting of training personnel and key managers.

Lastly, the fifth First in Line course for budding supervisors commenced in October. This modular course is scheduled to finish in November 2000.

STATEMENT OF IMPACTS AND CONSEQUENCES

A. OUTCOME MEASURES

The overall aviation security measures which relate directly to the first and third outcomes above, and indirectly to the second are:

1. **Inflight security incidents**
2. **Airside security incidents**
3. **Dangerous goods introduced into aircraft**

B. OUTCOME RESULTS

1. Inflight Security Incidents

Target: To achieve a nil rate of incidents involving offences against the Aviation Crimes Act 1972 on board of aircraft which have been screened by the Aviation Security Service.

Measure: Number of inflight security incidents.

Result: There were no inflight security incidents reported on aircraft screened by the Aviation Security Service.

2. Airside Security Incidents

Target: To achieve a nil rate of incidents involving offences against the Aviation Crimes Act 1972 at security designated aerodromes where the Aviation Security Service operates.

Measure: Number of airside security incidents.

Result: There were no airside security incidents reported in areas covered by the Aviation Security Service.

3. Dangerous Goods Introduced Into Aircraft

Target: To achieve a nil rate of incidents involving the introduction of dangerous goods into aircraft that have been screened by the Aviation Security Service.

Measure: Number of incidents involving dangerous goods

Result: There were no dangerous goods incidents reported regarding aircraft screened by the Aviation Security Service.

FINANCIAL STATEMENTS

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
GROUPED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

These Financial Statements have been prepared pursuant to the requirements contained in Part V of the Public Finance Act 1989.

The Financial Statements cover the grouped financial performance of the Civil Aviation Authority of New Zealand in respect of the responsibilities of the Authority under section 72B of the Civil Aviation Act 1990 for:

- a) the regulation of civil aviation safety in New Zealand,
- b) the provision of Class III Search and Rescue Services, and
- c) the provision of Aviation Security Services in New Zealand.

STATEMENT OF RESPONSIBILITY

Pursuant to Section 42 of the Public Finance Act 1989, we acknowledge that:

- a) The preparation of the grouped financial statements of the Civil Aviation Authority of New Zealand, includes the Civil Aviation Authority, Search and Rescue Service and the Aviation Security Service (hereinafter referred to as the **Authority**) and the judgements used therein are our responsibility;
- b) The establishment and maintenance of an internal control system designed to provide reasonable assurance as to the integrity and reliability of the grouped financial statements for the year ended 30 June 2000 are our responsibility; and
- c) In our opinion the grouped financial statements for the year ended 30 June 2000 fairly reflect the service performance, financial performance, position and cash flows of the Authority.

Rodger H Fisher
Chairperson
Civil Aviation Authority
of New Zealand

Kevin W Ward
Director of Civil Aviation
Civil Aviation Authority

Mark T Everitt
General Manager
Aviation Security Service

26 October 2000

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
GROUPED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2000

1999 Actual \$000		Notes	2000 Actual \$000	2000 Budget \$000
REVENUE				
21,349	Levies		23,213	22,359
4,043	Crown		4,145	4,145
3,175	Fees and Charges		3,076	3,235
450	Interest		415	320
32	Other Revenue	1	1,166	697
29,049	TOTAL OPERATING REVENUE		32,015	30,756
EXPENDITURE				
17,274	Personnel	2	19,260	19,296
7,867	Other Operating		8,817	8,679
1,331	Depreciation		1,497	1,340
1,059	Capital Charge	3	950	951
949	Rental and Leases		883	807
105	Authority Members Fees	4	109	100
79	Bad Debts	5	(3)	23
33	Audit		32	32
28,697	TOTAL OPERATING EXPENDITURE		31,545	31,228
352	NET OPERATING SURPLUS/(DEFICIT)		470	(472)

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
GROUPED STATEMENT OF MOVEMENTS IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 30 JUNE 2000

1999 Actual \$000		Notes	2000 Actual \$000	2000 Budget \$000
8,402	Taxpayers' Equity as at 1 July		9,440	9,354
352	Net Operating Surplus		470	(472)
-	Revaluation Reserve		93	-
352	Total recognised revenues and expenses for the year		563	(472)
(750)	Repayment of capital		-	-
1,486	Retention of previous years surpluses	6	-	-
(50)	Provision for the payment of surplus to the Crown	6	(534)	-
9,440	Taxpayers' Equity as at 30 June	6	9,469	8,882

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
GROUPED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2000

1999 Actual \$000		Notes	2000 Actual \$000	2000 Budget \$000
9,440	TAXPAYERS' EQUITY	6	9,469	8,882
	Represented by:			
	CURRENT ASSETS			
7,265	Cash	7	8,070	4,870
2,563	Receivables		2,198	3,465
345	Work in Progress		291	350
319	Prepayments		185	182
10,492	TOTAL CURRENT ASSETS		10,744	8,867
	NON-CURRENT ASSETS			
3,355	Fixed Assets	8	4,350	4,116
13,847	TOTAL ASSETS		15,094	12,983
	CURRENT LIABILITIES			
1,708	Payables		1,878	2,133
2,408	Provision for employee entitlements	9	2,345	1,789
50	Provision for payment of surplus to Crown	6	534	-
4,166	TOTAL CURRENT LIABILITIES		4,757	3,922
	NON-CURRENT LIABILITIES			
241	Provision for employee entitlements	9	868	179
4,407	TOTAL LIABILITIES		5,625	4,101
9,440	NET ASSETS		9,469	8,882

CIVIL AVIATION AUTHORITY OF NEW ZEALAND

GROUPED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2000

1999		Notes	2000	2000
Actual			Actual	Budget
\$000			\$000	\$000
Cash Flows from Operating Activities				
Cash was provided from:				
20,581	Levies		23,196	21,107
4,043	Crown		4,145	4,145
3,726	Fees and Charges		3,874	3,311
468	Interest		403	326
-	Other Revenue		632	864
<u>28,818</u>			<u>32,250</u>	<u>29,753</u>
Cash was applied to:				
(16,100)	Payments to employees		(17,697)	(19,224)
(10,600)	Payments to suppliers		(10,474)	(9,487)
(1,056)	Payments of Capital Charge to the Crown		(950)	(951)
<u>1,062</u>	Net Cash Flow from Operating Activities		<u>3,129</u>	<u>91</u>
Cash Flows from Investing Activities				
Cash was provided from:				
59	Sale of Assets		199	-
Cash was applied to:				
(1,182)	Purchase of Assets		(2,473)	(1,803)
<u>(1,123)</u>	Net Cash Flow from Investing Activities		<u>(2,274)</u>	<u>(1,803)</u>
Cash Flows from Financing Activities				
Cash was applied to:				
-	Repayment of Surplus of Crown		(50)	-
(750)	Repayment of Capital		-	-
<u>(750)</u>	Net Cash Flow from Financing Activities		<u>(50)</u>	<u>-</u>
(811)	Net Increase/(Decrease) in Cash held		805	(1,712)
8,076	Add cash at 1 July		7,265	6,582
<u>7,265</u>	Cash held at 30 June	7	<u>8,070</u>	<u>4,870</u>

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
RECONCILIATION OF NET OPERATING SURPLUS
TO NET CASH FLOW FROM OPERATING ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2000

1999		2000	2000
Actual		Actual	Budget
\$000		\$000	\$000
352	Net Operating Surplus/(Deficit)	470	(472)
	Add non-cash items		
1,331	Depreciation	1,497	1,340
1,331	Total Non-Cash Items	1,497	1,340
	Movements in Working Capital		
(636)	Decrease/(Increase) in Receivables	365	(1,295)
44	Decrease/(Increase) in Work in Progress	54	(5)
(225)	Decrease/(Increase) in Prepayments	134	90
(107)	(Decrease)/Increase in Payables	170	511
343	(Decrease)/Increase in Employee Entitlements	564	(78)
(581)	Movements in Net Working Capital	1,287	(777)
	Movements in Investing Activities		
(31)	(Decrease)/Increase in Payables - Assets	(97)	-
(9)	Gain on sale of Assets	(28)	-
(40)	Total Movements in Investing Activities	(125)	-
1,062	Net Cash Flow from Operating Activities	3,129	91

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
GROUPED STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2000

Commitments disclosed include those operating and capital commitments arising from non-cancellable contractual or statutory obligations. Operational commitments are related to term leases on buildings and operational leases. Commitments relating to employment contracts are not included.

1999		2000
Actual		Actual
\$000		\$000
	Capital commitments	
	- Purchase of additional x-ray machines	175
	- Other	83
	- Total Capital commitments	258
	Non-cancellable operating lease commitments	
797	- Less than one year	789
676	- One year but less than two years	687
1,430	- Two years but less than five years	1,097
207	- Longer than five years	832
3,110		3,405
	Other non-cancellable contracts	
267	- Less than one year	296
266	- One year but less than two years	281
327	- Two years but less than five years	89
860		666
3,970	Total Commitments	4,329

STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2000

Contingent liabilities are noted at the time that the contingency becomes evident. Such contingencies are evidenced by action taken by a third party and will in the normal course of business be rigorously defended.

The outstanding contingent liabilities of the Authority as at 30 June 2000 amounted to \$2.464m (1999 \$1.544m). These relate to legal claims against the Authority where the court decisions are uncertain.

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
STATEMENT OF OPERATIONS OF INDUSTRY SEGMENTS
FOR THE YEAR ENDED 30 JUNE 2000

Segmental reporting has been applied to identify the three Industry segments operated within the Authority.

Industry Segment	Aviation Safety		Class III SAR		Security Service		Elimination		Grouped	
	1999 Actual \$000	2000 Actual \$000	1999 Actual \$000	2000 Actual \$000	1999 Actual \$000	2000 Actual \$000	1999 Actual \$000	2000 Actual \$000	1999 Actual \$000	2000 Actual \$000
Operating Revenue										
Revenue Outside the Group	17,682	18,691	1,244	1,360	10,091	10,798	-	-	29,017	30,849
Inter-Segment Revenue	152	184	-	-	73	-	(225)	(184)	-	-
Other Revenue	32	268	-	-	-	898	-	-	32	1,166
Total Revenue	17,866	19,143	1,244	1,360	10,164	11,696	(225)	(184)	29,049	32,015
Segment result	650	(64)	50	230	(348)	304	-	-	352	470
Segment Non-Current Assets	1,114	1,194	170	693	2,071	2,463	-	-	3,355	4,350

The Authority operates predominantly in three industries – Regulation of Civil Aviation Safety, Class III Search and Rescue Co-ordination and Aviation Security Service. Regulation of Civil Aviation Safety comprises of the development of, and monitoring of compliance, with Aviation Rules. Class III Search and Rescue Co-ordination comprises of the provision of a co-ordination search and rescue service for persons in distress. Aviation Security Service comprises of the screening of international departing passengers and cabin baggage.

CIVIL AVIATION AUTHORITY OF NEW ZEALAND

GROUPED STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The grouped financial statements for the year ended 30 June 2000 have been prepared to comply with Part V of the Public Finance Act 1989 and Sec 72B(3B) of the Civil Aviation Act 1990.

All grouped financial statements have been prepared in accordance with the accounting policies set out in the Statements of Standard Accounting Practice and Financial Reporting Standards approved by the Accounting Standards Review Board published by the Institute of Chartered Accountants of New Zealand.

The grouped financial statements comprise the following Output Classes:

Civil Aviation Authority

- **Policy Advice**
 - Advice to government
 - International Multilateral and Bilateral aviation safety related agreements
 - Legislation and Standards (including Rules) Development
- **Safety Assessment and Certification**
 - Aviation document assessment
 - Monitoring and corrective action identification
- **Safety Analysis and Information**
 - Safety investigation and analysis
 - Safety education and information
- **Enforcement**
 - Responses to Regulatory Breaches

Search & Rescue

- **Search & Rescue**
 - Provision of Class III search and rescue services

Aviation Security Service

- **Aviation Security Services**
 - Aviation security services for domestic and international air operations.

Measurement Base

The measurement base adopted is that of historical cost, adjusted by the revaluation of the Auckland building.

Basis of Grouping

The financial statements for the Authority have been grouped. All inter-entity transactions have been eliminated in the preparation of the grouped financial statements.

Budget Figures

The budget figures are those approved by the Authority at the beginning of the financial year and disclosed in the Statement of Intent 1999/2000 – 2001/2002. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Authority for the preparation of the financial statements.

Income Tax

The Authority is not required to pay income tax on its Net Operating Surplus in terms of the Income Tax Act 1994 and accordingly no charge for income tax has been provided for.

Goods and Services Tax

All items in the financial statements are shown exclusive of Goods and Services Tax, except for Receivables and Payables, which are GST inclusive. The amount of GST owing at balance date being the difference between output/input tax is included in Payables.

Revenue Recognition

The Authority earns revenue from levies on air travel, provision of policy to the Crown, services to third parties and interest income from short-term investments. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Output Costing

Criteria for Direct and Indirect Costs

Direct Costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output.

Direct costs account for 90% (1999 91%) of the of the Authority's costs.

Cost Drivers for allocation of Indirect Costs

Personnel costs are charged on the basis of actual time incurred. Property and other occupancy costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Computer costs are charged on the basis of actual PCs in use. Depreciation and the capital charge are charged on the basis of asset utilisation.

Other indirect costs are allocated to business units on the proportion of direct costs to each output.

Leases

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.

Receivables

Receivables are stated at their estimated realisable value after providing for doubtful and uncollectable debts.

Fixed Assets

Buildings are stated at net current value as determined by an independent registered valuer as at 31 January 2000. Buildings are revalued every three years.

Upward revaluations of buildings are credited to the appropriate asset revaluation reserve. Downward revaluations of these assets are debited to the appropriate asset revaluation reserve. Where this results in debit balance in the asset revaluation reserve, this balance is expended in the statement of financial performance.

The assets of the Authority are recorded at cost at the time of purchase. All fixed assets costing more than \$0.002m are capitalised and recorded at historical cost or valuation.

Depreciation

Depreciation is calculated on a straight-line basis at rates that write off the cost or valuation of the assets over their estimated useful lives.

The useful lives and associated depreciation rates used in the preparation of these statements are as follows:

Buildings	24 years	4.2%
Furniture and Fittings	10 years	10%
Plant and Equipment	5 - 10 years	20% - 10%
Office Equipment	5 years	20%
Motor Vehicles	4 - 5 years	25% - 20%
Computer Equipment	3 - 5 years	33% - 20%

Work in Progress

Work in Progress consists of incomplete safety assessment and certification or other jobs not yet invoiced at the balance date. Work in Progress is stated at its estimated realisable value, after deducting a provision for un-collectable work in progress.

Employee Entitlements

Provision is made in respect of Authority's liability for annual leave, long service leave and retirement leave.

Annual leave has been calculated on an actual entitlement basis at current rates of pay. Long service leave and retirement leave have been calculated on an actuarial basis.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts and short term deposits in which the Authority invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources and records the cash payments made for the supply of goods and services.

Financing activities comprise the change in equity and debt capital structure of the Authority.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financial Instruments

The Authority is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the Statement of Financial Position. All revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements. The policies have been applied on a basis consistent with other years.

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
NOTES TO THE GROUPED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

Note 1: Other Revenue

1999 Actual \$000		2000 Actual \$000	2000 Budget \$000
-	APEC Security Services	591	600
-	Sale of APEC Equipment	162	-
23	Miscellaneous Income	369	97
9	Gain on disposal of Assets	44	-
32		1,166	697

Note 2: Personnel

1999 Actual \$000		2000 Actual \$000	2000 Budget \$000
16,700	Personnel	18,580	18,640
221	Recruitment	294	144
353	Training	386	512
17,274		19,260	19,296

The remuneration of employees who received remuneration and other benefits of \$100,000 or more per annum, shown in \$10,000 bands are as follows:

1999	Total remuneration and other benefits	2000
3	\$100,000 to \$109,999	2
-	\$110,000 to \$119,999	1
4	\$120,000 to \$129,999	1
2	\$130,000 to \$139,999	2
2	\$140,000 to \$149,999	-
-	\$150,000 to \$159,999	2
1	\$160,000 to \$169,999	1
-	\$180,000 to \$189,999	1
1	\$190,000 to \$199,999	-
-	\$200,000 to \$209,999	1

The Director of Civil Aviation lies in the \$200,000 to \$209,999 band and the General Manager of Aviation Security Service remuneration lies in the \$160,000 to \$169,999 band.

Note 3: Capital Charge and Related Party Disclosures

The Authority pays a capital charge to the Crown based on its taxpayers funds at 30 June and 31 December each year. The capital charge for 1999/2000 was 10% (1998/99 11%).

The Authority undertakes transactions with the Crown, Government Departments and other Crown Entities. These transactions are carried out on an arm's length basis and these are not considered to be related party transactions.

Robert Inglis is a director of Origin Pacific. During the year Origin Pacific were billed for Participation Levy, compliance assessment and ID Cards to a value of \$18,337. These transactions were supplied on normal commercial terms.

Note 4: Authority Fees

1999 Actual \$000		2000 Actual \$000	2000 Budget \$000
30	R H Fisher	37	31
24	J E Aburn	1	-
-	T Ryan	16	15
15	C J Hales	19	19
21	M R Dean	20	20
15	R M Inglis	16	15
105	Honoraria	109	100

The Authority pays honoraria and actual or reasonable expenses to members in accordance with Cabinet Office Circular CO (99) 11 and CO (99) 12. No member received any payment for severance, ex-gratia or consultancy work.

Note 5: Bad Debts

1999 Actual \$000		2000 Actual \$000	2000 Budget \$000
50	Movement in provision for doubtful debts	(36)	-
29	Bad debts written off	33	23
79		(3)	23

Note 6: Taxpayers' Equity

1999 Actual \$000		2000 Actual \$000	2000 Budget \$000
8,819	General Fund	8,755	8,261
500	Risk Reserve	500	500
121	Revaluation Reserve	214	121
9,440	Taxpayers' Equity as at 30 June	9,469	8,882

Previous years surpluses

The retention of previous years surpluses in 1999 represents the amounts provided for repayment to the Crown in previous reporting periods. The provisions were subsequently approved by the Responsible Minister for retention as equity.

1999 Actual \$000		2000 Actual \$000
<u>1,486</u>	Provision for repayment of surplus	<u>-</u>

Provision for repayment of surplus

1999 Actual \$000		2000 Actual \$000
352	Net surplus for the year	470
(650)	Less CAA Surplus retained to fund prior years deficit (in accordance with the SOI)	-
348	Add back Aviation Security Services deficit for current year	-
-	Add back Search and Rescue deficit for current year	-
-	Add back Aviation Safety deficit for current year	64
<u>50</u>	Provision for repayment of surplus	<u>534</u>

Note 7: Cash

1999 Actual \$000		2000 Actual \$000	2000 Budget \$000
7,235	Cheque	150	116
30	Short-term investments	7,920	4,754
<u>7,265</u>	Total	<u>8,070</u>	<u>4,870</u>

Note 8: Fixed Assets

1999 Cost or Valuation \$000	1999 Accumulated Depreciation \$000	1999 Carrying Value \$000	Grouped	2000 Cost or Valuation \$000	2000 Accumulated Depreciation \$000	2000 Carrying Value \$000	2000 Budget Value \$000
4,121	3,177	944	Plant and Equipment	4,929	3,609	1,320	1,331
4,253	3,347	906	Computer Equipment	5,130	3,592	1,538	1,052
1,384	602	782	Motor Vehicles	1,353	638	715	1,048
721	73	648	Auckland Building ¹	720	15	705	618
522	471	51	Furniture and Fittings	524	481	43	53
161	137	24	Office Equipment	177	148	29	14
11,162	7,807	3,355	TOTAL ASSETS	12,833	8,483	4,350	4,116

¹ The Auckland Building was revalued to net current value as determined by Seagar & Partners (Registered Valuers) as at 31 January 2000.

Note 9: Employee Entitlements

1999 Actual \$000		2000 Actual \$000	2000 Budget \$000
1,132	Annual Leave	1,139	841
611	Performance Based pay	725	454
575	Salaries and Wages	481	427
241	Long Service Leave	202	179
90	Retirement Leave	666	67
2,649	Total	3,213	1,968
2,408	Current	2,345	1,789
241	Non-current	868	179
2,649	Total	3,213	1,968

Note 10: Financial Instruments

The Authority is party to financial instruments as part of its everyday operations. These financial instruments include bank accounts, bank deposits, accounts receivable, accounts payable, loans and foreign currency forward contracts.

Credit risk is the risk that a third party will default on its obligation to the Authority causing the Authority to incur a loss.

The Authority has minimal credit risk in its holdings of various financial instruments. These instruments include cash, bank deposits and accounts receivable.

The Authority places its investments in registered banks. This reduces the risk of any loss that could arise from its investment activities. The Authority does not require any collateral or security to support financial instruments.

There is no significant credit risk.

The fair value of all financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

The Authority has no significant exposure to currency risk. Transactions in foreign currencies are converted at the New Zealand rate of exchange at the date of settlement.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 30 June 2000 (1999 nil). The interest rates on the Authority's investments ranged from 4.0% to 6.82% pa (1999 - 1.9% to 9.13% pa).

ADDITIONAL INFORMATION

CIVIL AVIATION AUTHORITY OF NEW ZEALAND
GROUPED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

Financial Performance

Grouped	Statement of Financial Performance	Aviation Safety		Search & Rescue		Security Service		Elimination		Grouped	
		2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000
	Revenue										
21,349	Levies	12,905	12,626			10,308	9,733			23,213	22,359
4,043	Crown Funding	2,845	2,845	1,300	1,300					4,145	4,145
3,175	Fees / Charges	2,721	2,896			355	339			3,076	3,235
450	Interest	220	120	60	25	135	175			415	320
-	Inter-Group Income	184	148				108	(184)	(256)		
32	Other Revenue	268	5			898	692			1,166	697
29,049	Total Revenue	19,143	18,640	1,360	1,325	11,696	11,047	(184)	(256)	32,015	30,756
	Expenditure										
17,274	Personnel Costs	11,607	11,265	181	207	7,472	7,824			19,260	19,296
7,867	Other Operating Costs	5,853	5,577	545	730	2,419	2,372			8,817	8,679
1,331	Depreciation	602	469	206	310	689	561			1,497	1,340
1,059	Capital Charge	414	429	115	111	421	411			950	951
949	Rental Property and Equipment	604	533	1	1	278	273			883	807
105	Authority Members' Costs	98	84			11	16			109	100
79	Bad Debts	(3)	23							(3)	23
33	Audit Fee	32	32							32	32
-	Inter-Group Expense		108	82	78	102	70	(184)	(256)		
28,697	Total Expenditure	19,207	18,520	1,130	1,437	11,392	11,527	(184)	(256)	31,545	31,228
352	Net Operating Surplus/(Deficit)	(64)	120	230	(112)	304	(480)	-	-	470	(472)

CIVIL AVIATION AUTHORITY OF NEW ZEALAND

**GROUPED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONTINUED)**

Movement in Taxpayers' Equity Reporting

Grouped	Statement of Movement in Taxpayers' Equity	Aviation Safety		Search & Rescue		Security Service		Grouped	
		2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000
8,402	Taxpayers' Equity at start of year	4,065	4,065	1,128	1,137	4,247	4,152	9,440	9,354
352	Net Operating Surplus/(Deficit)	(64)	120	230	(112)	304	(480)	470	(472)
	Revaluation Reserve					93		93	
352	Total recognised revenues and expenses for the year	(64)	120	230	(112)	397	(480)	563	(472)
-	Capital contribution								
(750)	Repayment of capital								
1,486	Retention of previous years surpluses								
(50)	Provision for repayment of surplus to the Crown			(230)		(304)		(534)	
9,440	Taxpayers' Equity at end of year	4,001	4,185	1,128	1,025	4,340	3,672	9,469	8,882

CIVIL AVIATION AUTHORITY OF NEW ZEALAND

**GROUPED FINANCIAL STATEMENTS
AS AT 30 JUNE 2000 (CONTINUED)**

Financial Position

Grouped	Statement of Financial Position	Aviation Safety		Search & Rescue		Security Service		Eliminations		Grouped	
		2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000
9,440	TAXPAYERS' EQUITY	4,001	4,185	1,128	1,025	4,340	3,672			9,469	8,882
	Represented by:										
	CURRENT ASSETS										
7,265	Cash	4,591	2,568	718	697	2,761	1,605			8,070	4,870
2,563	Receivables	1,188	2,972		8	1,017	485	(7)		2,198	3,465
345	Work in Progress	291	350							291	350
319	Prepayments	61	20	85	62	39	100			185	182
10,492	Total Current Assets	6,131	5,910	803	767	3,817	2,190	(7)		10,744	8,867
3,355	Non-Current Assets	1,194	1,113	693	538	2,463	2,465			4,350	4,116
13,847	Total Assets	7,325	7,023	1,496	1,305	6,280	4,655	(7)		15,094	12,983
	CURRENT LIABILITIES										
1,708	Payables	1,360	1,538	124	262	401	333	(7)		1,878	2,133
	Provisions										
2,408	Employee Entitlements	1,443	1,200	14	18	888	571			2,345	1,789
50	Repayment of Surplus to the Crown			230		304				534	
4,166	Total Current Liabilities	2,803	2,738	368	280	1,593	983	(7)		4,757	3,922
	NON-CURRENT LIABILITIES										
241	Employee Entitlements	521	100			347	79			868	179
4,407	Total Liabilities	3,324	2,838	368	280	1,940	983	(7)		5,625	4,101
9,440	NET ASSETS	4,001	4,185	1,128	1,025	4,340	3,672	-		9,469	8,882

CIVIL AVIATION AUTHORITY OF NEW ZEALAND

**GROUPED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONTINUED)**

Cash Flows

Grouped	Statement of Cash Flows	Aviation Safety		Search & Rescue		Security Service		Grouped	
		2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000
	Cash Flow from Operating Activities								
	Cash was provided from:								
20,581	Levies	12,820	11,413			10,376	9,694	23,196	21,107
4,043	Crown funding	2,845	2,845	1,300	1,300			4,145	4,145
3,726	Fees & Charges	3,613	3,026			261	285	3,874	3,311
468	Other Revenue (incl. Interest)	218	125	60	26	757	1,039	1,035	1,190
28,818		19,496	17,409	1,360	1,326	11,394	11,018	32,250	29,753
	Cash was applied to								
(16,100)	Payments to employees	(10,062)	(11,326)	(178)	(208)	(7,457)	(7,690)	(17,697)	(19,224)
(10,600)	Payments to suppliers	(6,991)	(5,804)	(759)	(697)	(2,724)	(2,986)	(10,474)	(9,487)
(1,056)	Payments of Capital Charge	(414)	(429)	(115)	(111)	(421)	(411)	(950)	(951)
1,062	Net Cash Flow	2,029	(150)	308	310	792	(69)	3,129	91
	Cash Flow from Investing Activities								
	Cash was provided from:								
59	Sale of Assets	130				69		199	
	Cash was applied to:								
(1,182)	Purchase of Assets	(754)	(468)	(663)	(600)	(1,056)	(735)	(2,473)	(1,803)
(1,123)	Net Cash Flow	(624)	(468)	(663)	(600)	(987)	(735)	(2,274)	(1,803)
	Cash Flows from Financing Activities								
-	Repayment of Surplus to Crown			(50)				(50)	
(750)	Repayment of capital								
(750)	Net Cash Flow			(50)				(50)	
(811)	Net Increase/(Decrease) in Cash Flow	1,405	(618)	(405)	(290)	(195)	(804)	805	(1,712)
8,076	Add Opening Cash balance	3,186	3,186	1,123	987	2,956	2,409	7,265	6,582
7,265	Cash held at 30 June	4,591	2,568	718	697	2,761	1,605	8,070	4,870

CIVIL AVIATION AUTHORITY OF NEW ZEALAND

**GROUPED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONTINUED)**

Grouped Reconciliation of Net Operating Surplus to Cash Flow from Operating Activities

Grouped	Reconciliation of Net Operating Surplus to Cash Flow from Operating Activities	Aviation Safety		Search & Rescue		Security Service		Eliminations		Grouped	
		2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000	2000 Actual \$000	2000 Budget \$000
1999 Actual \$000											
352	Net Operating Surplus/(Deficit)	(64)	120	230	(112)	304	(480)			470	(472)
	Add non-cash items										
1,331	Depreciation	602	469	206	310	689	561			1,497	1,340
1,331	Total Non-cash items	602	469	206	310	689	561	-	-	1,497	1,340
	Movements in Working Capital										
(636)	Decrease/(Increase) in Receivables	517	(1,267)		1	(142)	(29)	(10)		365	(1,295)
44	Decrease/(Increase) in Work in Progress	54	(5)							54	(5)
(225)	Decrease/(Increase) in Prepayments	49	90	(29)		114				134	90
(107)	(Decrease)/Increase in Payables	325	503	(37)	129	(128)	(121)	10		170	511
343	(Decrease)/Increase in Entitlements	604	(60)	4	(18)	(44)				564	(78)
(581)	Total Movements in Working Capital	1,549	(739)	(62)	112	(200)	(150)	-	-	1,287	(777)
	Movements in Investing Activities										
(31)	(Decrease)/Increase in Payables - Assets	(29)		(66)		(2)				(97)	
(9)	Gain on Sale of Assets	(29)				1				(28)	
(40)	Total Movements in Investing Activities	(58)	-	(66)	-	(1)	-	-	-	(125)	-
1,062	Net Cash Flow from Operating Activities	2,029	(150)	308	310	792	(69)	-	-	3,129	91

STATEMENT OF SERVICE PERFORMANCE

CIVIL AVIATION AUTHORITY

For the Year Ended 30 June 2000

OUTPUT CLASS: POLICY ADVICE

Description

This Output class covers the following outputs, and associated activities and services:

A. Advice to Government, Legislation Development, and Maintenance of International Aviation Safety Related Agreements

- Advice on civil aviation safety and security.
- Recommendations on and implementation of government policy relating to the recovery of the costs of regulating civil aviation safety and security in New Zealand.
- The administration of New Zealand's responsibilities as a member of the ICAO with respect to matters relating to civil aviation safety and security which have been delegated to the Authority.
- The development and administration of civil aviation safety and security agreements with other countries and international agencies.

B. Rules and Standards Development

- The development and review of civil aviation safety and security legislation, standards and Rules for the regulation of New Zealand civil aviation.
- The assessment of overseas information such as Airworthiness Directives and the taking of appropriate Airworthiness Directive action.

Outcomes

This Output class contributes to the Government's outcomes of:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well-being

Output Cost

Actual 1998/99 \$000	Output Class: Policy Advice	1 July 1999 – 30 June 2000			
		Budget \$000	Actual \$000	Variance	
				\$000	%
	Revenue				
2,852	Crown	2,845	2,845		
340	Other	306	387	81	26
3,192	Total Revenue	3,151	3,232	81	3
	Expenses				
1,418	Personnel	1,369	1,547	(178)	(13)
1,949	Operating (<i>Incl. Overhead Allocations</i>)	1,763	1,941	(178)	(10)
12	Depreciation	12	11	1	8
8	Capital Charge	7	7		
3,387	Total Output Expenses	3,151	3,506	(355)	(11)
(195)	Net Surplus/(Deficit)		(274)	(274)	

Civil Aviation Authority - Service Performance

A. ADVICE TO GOVERNMENT

Performance Measures	1999/2000 Results	
Quantity		
Ministerial Servicing	<i>Target</i>	Actual
Draft responses to Ministerial correspondence	70 - 90	54
Provide reports and briefings to the Minister	70 - 90	81
Provide responses to Parliamentary Questions	20 - 40	16
Provide reports and responses to Select Committees	2 - 4	11
Safety Policy Advice		
<i>Drug and Alcohol Standards Policy</i>	<i>30-Jun-00</i>	10% completed
Substantial policy work involved. To be the basis for any legislation amendments, possibly 2002. Work undertaken limited to review of policy issues – see notes 1 and 2.		
<i>AIS Policy</i>	<i>31-Dec-99</i>	80% completed
Project extended to incorporate an issues review stage in the consultation programme at the request of the Authority. Industry consultation undertaken during March/April 2000. Close off of consultation extended to accommodate additional AIA input. Funding proposal discussed with Authority in June 2000. Pending completing of consultation and final report.		
<i>ATS - Regulatory Framework Project</i>	<i>31-Dec-99</i>	50% completed
This project involves a review of the CCA's air traffic services and airspace policy. Detailed work on this project was undertaken forming a draft industry consultation paper. The original project was linked to the MOT's Section 99 review. That project has been deferred and the framework project had to be amended accordingly. MOT consultation on the issues paper not completed until March 2000. Thus delaying the completion of the project.		
<i>Examination Delivery Policy Review</i>	<i>31-Aug-99</i>	Completed
Final report accepted by the Authority and circulated to industry. Report calls for further consultation on future policy as well as setting examination criteria into rules and a competitive tender for supplier from July 2002.		
<i>Release of Safety Information Policy</i>	<i>31-Oct-99</i>	Report Stage I Accepted by Senior Managers Dec 99
Stage 1 paper responded to Ministerial Inquiry requirements on release of audit report information. Further work on this project involves a wider consideration of all safety information. Further work on this project awaits the return of Chief Legal Counsel.		
<i>Human Factors in Certification policy (Personnel Licensing & Operator)</i>	<i>30-Jun-00</i>	Not Started
This project covers two human factors areas. See notes 1 and 2.		
<i>Cost Recovery Policy</i>	<i>30-Jun-00</i>	Not Completed
Discussions with MOT identified target for this project was not feasible due to requirement for complete review. Project was then reduced to an amendment to levies order to bring additional airlines onto passenger levy schedule. Project could not proceed because interpretation of legislation required justification of amendment to be based on revenue issues.		

Regulatory Tools - Audit vs Inspection Policy	30-Jun-00	Not Started
This project was brought forward from the previous year. The purpose was to review the general policy on the audit versus inspection approach to regulatory oversight. See notes 1 and 2.		
Safety Framework Policy	30-Jun-00	Not Started
This project is dependent on an overarching MOT project of the same title. Because the MOT project has been deferred, the CAA project has also been deferred.		
Occupational Regulations Policies	30-Jun-00	20% completed
This project involves checking to see whether civil aviation legislation adequately meets occupational regulation requirements as defined by government. Initial inspection of the legislation indicated adequate conformance. No further work has been undertaken – see notes 1 and 2.		
CAA Policy Framework	31-Mar-00	Not Completed
This project links with a similar project undertaken by Strategic Support Group. For reasons described in notes 1 and 2, this project was not continued with.		
Monitoring Policy Implementation	30-Jun-00	Ongoing
This item is not a separate project and is ongoing. No specific checks have been made on policy implementation – see notes 1 and 2.		
Notes:	<ol style="list-style-type: none"> Several policy projects were either not started or not completed in each case because of constraints on resources and shifts in priorities. One person was assigned to safety policy advice (projects) during the year excluding the Aeronautical Information Services project. Additional work assigned to that person included management reporting and planning. Additional work outside the agreed policy work programme were undertaken during the year. These included the CAR Part 61 Review TSG, and Just Culture Project and were given higher priority thus affecting the completion of the policy work programme. 	

Security Policy Advice	Target	Actual
Develop and promulgate security policy advice to maintain the national aviation security programme, taking into account changes to:	3 to 5 changes	13
(a) ICAO Standards and Recommended practices; and		
(b) government policy;		
From analysis of intelligence and information affecting the level of risk to aviation, develop and promulgate security motivational material, advice, policy and direction where appropriate	30 to 50 actions	66
Provide security advice to industry and government agencies of high profile events including APEC, America's Cup, Olympics 2000	10 to 20 actions	29
Legislation Development	Target	Actual
Propose draft amendments for the Civil Aviation Act 1990 to the Ministry of Transport	30-Jun-00	Completed
<i>Completed and sent to MOT on 5/7/99</i>		
Provide draft amendment to Civil Aviation (Offences) Regulations 1997 to the Ministry of Transport	As required	70% completed
<i>Amendment presented to MOT in Nov 99 covering rules not currently covered by offences regulations. Problems were identified in some of the proposed offences to these particular rules because they were not written to be enforceable. A lack of legal services capacity contributed to the delay in completing this work.</i>		
Provide amendments to the Civil Aviation Charges Regulations 1991 and the Civil Aviation Safety Levies order in respect of any funding changes needed	As required	Completed

International Aviation and Safety Related Agreements	Target	Actual
Provide responses on behalf of New Zealand to ICAO State letters on aviation safety and security matters	36 - 48	70
Petition for rule changes to implement ICAO Standards and Recommended Practices adopted by New Zealand	5 - 15	5
Review ICAO decisions notified to New Zealand, including amendments to Annexes, and file acceptances or differences	17 - 28	18
Provide aviation safety and security advice and assistance to Samoa, Niue, and the Cook Islands	20 - 30	68
Provide advice and representation in support of international agreements, projects, and other forums	5 - 10	22
Quality / Timeliness		
The Minister and Secretary for Transport will be formally requested, at least every six months, to indicate his/her level of satisfaction with the overall quality and timeliness of CAA policy advice legislation development and correspondence/reports - <i>To achieve a minimum rating of good.</i>	Formal requests were made to both the Minister and the Secretary for Transport during the first and second half of the year. <i>First half:</i> No response has yet been received from the Minister. The Secretary responded with a rating of good. <i>Second half:</i> No response has yet been received.	
Percentage and number of clients surveyed who rate aviation security advice as useful, credible, and timely - <i>To achieve a target of 75% or better.</i>	A survey of 30 respondents returned the following results: <ul style="list-style-type: none"> • 64% rated security advice as useful • 86% rated security advice as credible • 77% rated security advice as timely 	
Maintain ISO certification of the Government and International Group.	ISO certification continues to be maintained.	

B. Rules and Standards Development

Performance Measures	1999/2000 Results	
Quantity		
Rule Revisions	<i>Estimated Range</i>	Actual
Petitions for rule amendment to be assessed	20 - 30	17
Special Standards Development / Rule Amendment Projects	2 - 5	5
Exemptions		
Petitions for rule exemptions processed	50 - 70	121
Advisory Circular Development / Revision		
Advisory Circulars to be developed and revised	8 - 12	8
Determinations		
Requests for determinations on rules to be processed	5 - 10	11
Airworthiness Directives		
Airworthiness directives to be developed and published	180 - 200	189
Requests for alternative means of compliance assessed	50 - 70	114

RULES AND STANDARDS WORK PROGRAMME 1999/2000	TARGET DATE
Part 11 – Procedures for making ordinary rules and granting exemptions Amendments to Part 11 regarding applications for airspace assignment and use, and petitions for noise abatement procedures are included as consequential in the rules projects for Parts 71 and 93 respectively.	<i>Final Rule 4th quarter</i>
Part 19 – Transition rules NPRM on airport ID cards published June 1999. Significant adverse comment resulted in withdrawal of the main proposals. The remaining proposed amendments are not significant and project cancelled until next year.	<i>Final Rule 2nd quarter</i>
Part 34 – Aircraft engine emissions Progress to final rule delayed due to technical specialist being required for other higher priority work and management functions as well as awaiting responses from industry on their perceived concerns about the proposed rule.	<i>Final Rule 2nd quarter</i>
Part 36 – Aircraft noise certification Progress to final rule delayed due to technical specialist being required for other higher priority work and management functions as well as awaiting responses from industry on their perceived concerns about the proposed rule.	<i>Final Rule 2nd quarter</i>
Part 43 – General maintenance rules Progress with NPRM delayed pending Minister's agreement to proceed and more work required by CIRAG TSG. NPRM expected to be published next quarter.	<i>NPRM 1st quarter</i> <i>Final rule 3rd quarter</i>
Part 47 – Aircraft registration and marking NPRM progress delayed pending Minister's agreement to proceed. NPRM published May 2000, comments close 28 July.	<i>Final Rule 2nd quarter</i>
Part 61 – Pilot Licences Adventure aviation commercial pilot licences This rule amendment is part of the Part 115 Adventure Aviation project.	<i>Final Rule 2nd quarter</i>
Part 61(F) – Airline transport pilot licences (helicopter) A revised Advisory Circular detailing separate examination requirements for aeroplane and helicopter categories of the licence has been developed for publication in July 2000. The rule amendment project has been incorporated into the current project to review the whole of Part 61.	<i>Final Rule 1st quarter</i>
Part 61(H) – Flight radiotelephone operator ratings Not progressed due to other high priority work. Review of the relevant rules has been incorporated into the current project to review the whole of Part 61.	<i>Final Rule 1st quarter</i>
Part 61(J) – Type ratings Not progressed due to other high priority work. Review of the relevant rules has been incorporated into the current project to review the whole of Part 61.	<i>NPRM 2nd quarter</i> <i>Final Rule 4th quarter</i>
Part 61(K) – Basic gas turbine rating Not progressed due to other high priority work. Review of the relevant rules has been incorporated into the current project to review the whole of Part 61.	<i>Final Rule 1st quarter</i>
Part 61(R) - Flight instructor ratings Not progressed due to other high priority work. Review of the relevant rules has been incorporated into the current project to review the whole of Part 61.	<i>NPRM 3rd quarter</i> <i>Final Rule 4th quarter</i>
Part 61 – Pilot licences and ratings Project initially delayed pending outcome of the policy review regarding examinations. CIRAG technical study group (TSG) established in February 2000 to undertake a complete review of Part 61. Work steadily progressing. In addition a separate CIRAG TSG has continued the review and development and consultation on the examination syllabus information published in Part 61 Advisory Circulars.	<i>NPRM 4th quarter</i>
Part 62 – Recreational pilot certificates and ratings Project referred to CIRAG process for completion of draft NPRM. Project progressing slowly due other operational work requirements.	<i>NPRM 2nd quarter</i>
Part 66 – Aircraft maintenance personnel licensing No progress due to other higher priorities. However CIRAG progressing a review of the examination syllabus information in the Advisory Circulars.	<i>NPRM 3rd quarter</i>

Part 71 – Designation of Airspace

NPRM published September 1999. Consultation process complete but some specific issues affecting gliders and other operational priorities have delayed completion of final rule.

Final Rule 2nd quarter

Part 77 – Wire-marking

Finalisation of NPRM delayed due to MOT request for more detailed cost benefit information and resources refocused on other high priority work. Work recommenced 3rd quarter with Power Companies providing costing information for completion of cost benefit analysis.

NPRM 1st quarter

Final Rule 3rd quarter

Part 91 – General operating and flight rules

Summary of consultation details completed for legal check of final rule draft.

Final Rule 2nd quarter

Part 92 – Carriage of dangerous goods

Not progressed due resources required for operational and other priorities and awaiting advice on Act amendment.

NPRM 2nd quarter

Final rule 4th quarter

Part 93 – Special aerodrome operating rules and noise abatement procedures

Considerable work has been required to finalise some of the special operating requirements and also to finalise the noise abatement procedures with the aerodrome operators. NPRM to be published 1st quarter 2000/01.

Final Rule 2nd quarter

Part 95 – Visual and instrument procedures for IFR flight

Draft final rule completed Dec 1999. Further action initially delayed pending MOT review and new Minister's agreement to proceed. Follow up action to address MOT comments delayed due staff changes.

Final Rule 1st quarter

Part 102 – Warbirds operating rules

The draft NPRM being finalised by the CIRAG technical study group. Progress is dependent upon the industry resources that are available to undertake the work.

NPRM 1st quarter

Part 103 – Microlight aircraft – operating rules

No progress due to the low priority of this project. The current project will be cancelled, as it is not included in the 2000/01 rules programme.

NPRM 1st quarter

Final Rule 3rd quarter

Part 115 – Adventure aviation

Comment period on NPRM closed 3rd quarter. Summary of comments complete with certification requirements and the non-controversial operating requirements to be progressed to final rule.

Final Rule 2nd quarter

Part 119 – Air transport operator – certification

A CAA/industry working group completed an extensive review and development of advisory information for the certification of air operators. New Advisory Circular will be published next quarter.

NPRM 2nd quarter

Final Rule 4th quarter

Part 121 – Air transport operations – large aircraft

New Advisory Circular developed by CIRAG TSG and published for operation of twin-engine aircraft on extended range operations (ETOPS). TSG is progressing with development of new ETOPS rules for Parts 121 and 125.

NPRM 2nd quarter

Final Rule 4th quarter

125 – Air operations – medium aircraft

No significant progress due to limited availability of part time resource.

NPRM 2nd quarter

Final Rule 4th quarter

Part 135 – Air transport operations – small aeroplanes and helicopters

New Advisory Circular developed by CAA/industry working group to facilitate the recertification of these operators under the new rules. Advisory Circular will be published next quarter.

NPRM 2nd quarter

Final Rule 4th quarter

Part 139 – Aerodromes – certification, operation and use

Steady progress being made with 4 CIRAG Technical study groups dealing with particular topic areas of Rescue Fire services, UNICOM ground radio services, Runway end safety areas, and aerodrome certification.

NPRM 2nd quarter

Final Rule 4th quarter

Part 141 – Aviation training organisations - certification

No progress – on hold pending the outcome of the overall review of Part 61.

On Hold

Part 149 – Aviation recreational organisations – certification

No progress due to the low priority of this project.

NPRM 3rd quarter

Part 171 – Aeronautical telecommunication service organisations - certification*Final rule 1st quarter*

Draft final rule completed Nov 99. Further action initially delayed pending MOT review and new Minister's agreement to proceed. Follow up action to address MOT comments and changes in drafting format delayed due staff changes.

Part 172– Air traffic service organisations - certification*NPRM 1st quarter**Final rule 3rd quarter*

Considerable work undertaken by a CIRAG Technical Study Group to develop advisory information and rule requirements for the management of fatigue. Draft final rule completed Dec 1999. Further action initially delayed pending MOT review and new Minister's agreement to proceed. Follow up action required to address additional industry comment on draft rule.

Part 173 – Air navigation service organisations - certification*Final rule 1st quarter*

Draft final rule completed Dec 1999. Further action initially delayed pending MOT review and new Minister's agreement to proceed. Follow up action to address MOT comments delayed due staff changes.

Notes: Progress with many of the rule projects has been significantly affected by delays in the consultation process caused by the 1999 General Election and the appointment of a new Minister, changes in staff resources, restructuring of the CAA, and a significantly higher level of industry participation and consultation that has resulted from the CIRAG process introduced in 1999. Revised Advisory Circulars for Parts 12, 103, and 141 have also been published.

Quantity / Timeliness

The CAA will undertake with the Ministry of Transport a post project review of each Rule Part completed and agreed by the Minister during the period of this agreement.

Review completed and report agreed not later than one month after each Rule Part signed.

Amendments to Rule Part 172, 129, and 125 were completed and signed by the Minister. A joint CAA/MOT post project review for Rule Part 129 and 125 was carried out within the prescribed timeframe, while Rule Part 172 was not carried out within the prescribed timeframe.

A timeline is to be agreed with the Ministry of Transport for each Rule Part being developed or reviewed during the period of this agreement.

Timeline for the 1999/2000 year to be agreed by 31 July 1999.

Rules programme and timeline have been forwarded to the Ministry in October 1999.

The agreed timeline is to be reviewed / updated quarterly with the Ministry of Transport.

Timeline review / update to be completed not later than 3 weeks after the end of each quarter.

Rules programme and timeline reviewed with the Ministry during the year. Various timelines were extended to facilitate the Ministry's scheduling and briefing of the new Minister of Transport on rules programme.

The Minister and Secretary for Transport will be formally requested, at least every six months, to indicate his/her level of satisfaction with the overall quality and timeliness of rules development based on the results of Rule Post Project Reviews completed during the period

Achieve a minimum rating of good.

Formal requests were made to both the Minister and the Secretary for Transport during the first and second half of the year.

First half: No reply has yet been received from the Minister. The Secretary responded with a rating of good.

Second half: No reply has yet been received from the Minister. The Secretary advised that his level of satisfaction rating could not be provided as no rules have been made during the same period.

Maintain ISO certification of the Rules and Standards Group.

ISO certification continues to be maintained.

OUTPUT CLASS: SAFETY ASSESSMENT AND CERTIFICATION

Description

This Output Class covers:

A. *Aviation Document Assessment*

The exercise of control over entry into (and exit from) the New Zealand civil aviation system through the issue or amendment of aviation documents and approvals.

B. *Monitoring and Corrective Action Identification*

The monitoring of adherence to safety and security standards within the civil aviation system including the carrying out or requiring of inspections and audits within the civil aviation system.

The identification and follow-up of corrective actions which need to be taken by participants and holders of aviation documents to maintain adherence to aviation safety and security standards.

Outcomes

This Output class contributes to the Government's outcomes of:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well-being

Output Cost

Actual 1998/99 \$000	Output Class: Safety Assessment and Certification	1 July 1999 - 30 June 2000			
		Budget \$000	Actual \$000	Variance	
				\$000	%
	Revenue				
9,038	Crown				
	Other	9,959	9,544	(415)	(4)
9,038	Total Revenue	9,959	9,544	(415)	(4)
	Expenses				
4,334	Personnel	4,944	5,093	(149)	(3)
4,588	Operating (<i>Incl. Overhead Allocations</i>)	4,980	4,985	(5)	(0)
18	Depreciation	12	19	(7)	(58)
24	Capital Charge	23	26	(3)	(13)
8,964	Total Output Expenses	9,959	10,123	(164)	(2)
74	Net Surplus/(Deficit)		(579)	(579)	

Civil Aviation Authority - Service Performance

A. AVIATION DOCUMENT ASSESSMENT

Performance Measures -	1999/2000 Results	
Quantity		
Number of:	<i>Estimated Range</i>	Actual
Personnel Licensing work requests (*)	2,700 - 3,200	2,389
Medical Assessments (98% assessed externally)	7,000 - 8,000	7,652
Operator Certification work requests (*)	1,700 - 2,000	1,411
Aircraft Certification work requests (*)	1,200 - 1,400	932
Aircraft Registration work requests (*)	1,200 - 1,250	1,460
(*) Work requests include new licences/certifications, amendments, endorsements, and provision of advice on implementation of new rules.		
Quality		
Percentage of entry assessments that are accurate and complete. <i>Entry applications assessed where the assessment process complies with rules and standards, and policy and procedures, as confirmed by internal audit.</i>	Internal audit of Aircraft Certification work carried out during the period confirmed that 100% entry assessments in this area as accurate and complete.	
Maintain ISO Certification of Safety Certification Group.	ISO certification continues to be maintained.	
Timeliness		
Percentage and number of clients surveyed who respond and rate the aviation document assessments as accurate and timely. <i>To achieve a target of 75% or better.</i>	Results of the survey completed in June 2000 show that targets were met: <ul style="list-style-type: none"> ▪ 85% rated document assessments as accurate ▪ 88% rated document assessments as timely 	

B. MONITORING AND CORRECTIVE ACTION IDENTIFICATION

Performance Measures -		1999/2000 Results			
Quantity					
Programmed routine audits and inspections:					
Actual No. of Certificate Holders	Industry Category	Estimated		Actual	
		No. of Modules to Complete	No. of Hours	No. of Modules Completed	No. of Hours
22	(Large) Air Transport Operators	81	1,540	43	776
140	(Small) Air Transport Operators	313	2,454	228	2,335
101	Agricultural Operators	102	222	83	351
47	Maintenance Organisations	85	2,415	58	1,311
104	Other Organisations	161	942	145	1,642
22	Aerodromes	70	330	84	530
25	Airways Services	32	575	24	478
Total, routine audits and inspections		844	8,478	665	7,423
Special purpose audits		-	260	-	0
Spot Checks		-	1,500	-	3,697
Activity Totals		844	10,238	665	11,120

Variance: Audit programme realignment has resulted in some audits being rescheduled into the new financial year to spread workload more appropriately.

Some audit modules were not completed due to secondment of staff to key safety investigations and to the reduction of available audit staff in the second half of the year as a result of industry recruitment of CAA auditors, medium term health problems, and the additional training effort for new staff. The effected audits have been rescheduled for the 1st quarter of the financial year 2000/01.

Several Part 125 operators undertook certification in May/June before the end of the cut-off date for that particular certification process. The re-certification audits replaced a number of routine audit modules.

Two major Part 121 operators were still undergoing certification and therefore there was a reduction in routine audit modules conducted due to the re-certification audit process.

Quality / Timeliness

Percentage, number and trend of audit findings raised during audits.	Findings Issued	Actual 1,066
	Modules Completed	665
	Average Findings per Audit Module	1.60
Percentage and number of scheduled audit and inspection modules completed by the due date set in the audit programme.	Scheduled in period	Actual 517
	Completed by due date	613
	Percentage	119%
Percentage of corrective actions identified in audit reports that are implemented within agreed date for compliance - <i>To achieve a target of 100%</i> .	Actions Registered	Actual 1,369
	Actions Implemented	1,219
	Percentage Implemented	89%
	Actions Overdue YTD	198

OUTPUT CLASS: SAFETY ANALYSIS AND INFORMATION

Description

This Output Class covers the following outputs and activities:

A. *Safety Investigation and Analysis*

- The notification to the Transport Accident Investigation Commission of accidents and incidents reported to the Authority in accordance with section 27 of the Civil Aviation Act 1990.
- The investigation and review of civil aviation accidents and incidents in accordance with the Authority's capacity as the responsible aviation safety and security authority, subject to the limitations set out in section 14(3) of the Transport Accident Investigation Commission Act 1990.
- The analysis of audit and investigation reports and preparation of recommendations for corrective action to be taken by participants in the civil aviation system and/or by the Authority such as amendments to Rules, education and information, or additional monitoring to improve safety.
- The analysis of civil aviation accident and incident reports to establish causal factors and trends.
- The assessment of aircraft reliability data and flight operations information, and the taking of appropriate action.
- The assessment of overseas safety information and taking appropriate action.

B. *Safety Education and Information*

- The collection, publication and provision of aeronautical charts and information to individuals and organisations within the civil aviation system and liaison with other organisations which promulgate aeronautical information.
- The promotion of safety in the civil aviation system by providing safety information and advice, and fostering safety education programmes.

Outcomes

This Output class contributes to the Government's outcomes of:

1. A safe, sustainable transport system at reasonable cost
2. Enhanced economic, social and environmental well-being

Output Cost

Actual 1998/99 \$000	Output Class: Safety Analysis and Information	1 July 1999 - 30 June 2000			
		Budget \$000	Actual \$000	Variance	
				\$000	%
	Revenue				
4,608	Crown				
	Other	4,510	5,035	525	12
4,608	Total Revenue	4,510	5,035	525	12
	Expenses				
1,759	Personnel	1,958	1,904	54	3
2,340	Operating (Incl. Overhead Allocations)	2,474	2,614	(140)	(6)
45	Depreciation	40	33	7	18
42	Capital Charge	38	34	4	11
4,186	Total Output Expenses	4,510	4,585	(75)	(2)
422	Net Surplus/(Deficit)		450	450	

Civil Aviation Authority - Service Performance

A. SAFETY INVESTIGATION AND ANALYSIS

Performance Measures	1999/2000 Results		
Quantity / Timeliness			
Number of Aviation Safety summary reports. <i>4 quarterly reports provided.</i>	All four required Aviation Safety summary reports were delivered on time.		
Number of investigations initiated into aviation safety occurrences.	Investigated Occurrences	Estimated Range <i>2300 - 2700</i>	Actual <i>2080</i>
Quality			
Percentage of investigations of critical or major occurrences completed:	% Completed within	Target	Actual
<ul style="list-style-type: none"> 70% within 6 months of registration 90% within 12 months of registration 100% within 2 years of registration 	6 months	70%	81% (433)
	12 months	90%	98% (521)
	2 years	100%	100%
TAIC advised by the CAA of acceptance (or rejection) of their recommendations within the timeframe set out in TAIC/CAA Memorandum of Understanding <i>To achieve a target of 100% within 10-21 days.</i>	All recommendations were received and responded to within the agreed time frame		
Percentage of accepted TAIC recommendations implemented by the CAA <i>To achieve a target of 100%.</i>	All accepted TAIC recommendations received during the year were implemented as previously reported.		

Percentage and number of clients surveyed who respond and rate safety information as useful, accurate, timely and credible <i>To achieve a target of 75% or better.</i>	Results of the survey completed in June 2000 show that targets were largely met. <ul style="list-style-type: none"> • 87% rated usefulness as good or better • 86% rated accuracy as good or better • 68% rated timeliness as good or better • 89% rated credibility as good or better
Maintain ISO certification of Safety Investigation and Analysis Group.	ISO certification continues to be maintained.

B. SAFETY EDUCATION AND INFORMATION

Performance Measures	1999/2000 Results		
Quantity			
Number of Vector Periodicals		Target	Actual
Number Videos	Vector Periodicals	Minimum of 6	6
Number of Kiwi Safety Seminars	CAA Safety Videos	2	3
	Kiwi Safety Seminars	24	24
Quality			
Percentage and number of clients surveyed who rate the periodicals, videos, and seminars as useful and credible - <i>To achieve a target of 75% or better.</i>	Results of the survey completed in June 2000 show that targets were met.		
	<i>Periodicals</i>		
	89% rated as useful		
	93% rated as credible		
	<i>Videos</i>		
	94% rated as useful		
	94% rated as credible		
	<i>Seminars and workshops</i>		
	81% rated as useful		
	86% rated as credible		
Maintain ISO Certification of Safety Education and Publishing unit	ISO certification continues to be maintained.		

OUTPUT CLASS: ENFORCEMENT

Description

This Output Class covers the taking of appropriate follow-up action in the public interest, including legal action, against individuals or organisations to enforce the provisions of the Civil Aviation Act 1990, and of regulations and Rules made under the Act; and for breaches of conditions of licences, certificates or other aviation documents.

Outcomes

This Output class contributes to the Government's outcomes of:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well-being

Output Cost

Actual 1998/99 \$000	Output Class: Enforcement	1 July 1999 - 30 June 2000			
		Budget \$000	Actual \$000	Variance	
				\$000	%
	Revenue				
	Crown				
816	Other	752	883	131	17
816	Total Revenue	752	883	131	17
	Expenses				
255	Personnel	284	310	(26)	(9)
424	Operating (<i>Incl. Overhead Allocations</i>)	468	478	(10)	(2)
	Depreciation		4	(4)	
	Capital Charge		2	(2)	
679	Total Output Expenses	752	794	(42)	(6)
137	Net Surplus/(Deficit)		89	89	

Civil Aviation Authority - Service Performance

ENFORCEMENT

Performance Measures	1999/2000 Results		
Quantity			
Number of alleged offences reported/recorded.		<i>Estimated Range</i>	Actual
Number of detailed investigations undertaken.	Alleged offences reported/recorded	220-250	215
	Detailed investigations undertaken	130-160	164
Quality / Timeliness			
Percentage of alleged offences reported/recorded in the period initially assessed.	100% of alleged offences reported / recorded were initially assessed during the period.		
<i>To achieve a target of 100%.</i>			
Percentage of detailed investigations completed in the period:	Investigations completed within:	Target	Actual
<ul style="list-style-type: none"> • 90% within 6 months of commencement • 100% within 12 months of commencement 	6 months	90%	91%
	12 months	100%	100%
High proportions of enforcement action taken are resolved in favour of the CAA measured by percentage and number of success.	Enforcement Actions Taken*		Actual
	Number of Success		56
	Percentage of Success		100%
	<i>* Actions taken include prosecutions and formal warnings.</i>		
Maintain ISO certification of the Enforcement Unit.	ISO certification continues to be maintained.		

CLASS III SEARCH AND RESCUE SERVICES

For the Year Ended 30 June 2000

OUTPUT CLASS : CLASS III SEARCH AND RESCUE SERVICES

Description

This output class involves the purchase of search and rescue services and the maintenance and operation of the National Rescue Co-ordination Centre. The services provided include the co-ordination of SAR operations where national civil and military resources are required, for surface vessels and aircraft in distress in the New Zealand Search and Rescue Region (NZ SRR). It also involves the maintenance of a Local User Terminal (LUT) system capable of detecting Emergency Locator Transmitters (ELT) in the NZ SRR and providing the rapid resolution of any detections.

Outcomes

This Output Class contributed to the following Government Outcomes:

1. A safe, sustainable transport system at reasonable cost
2. Enhanced economic, social and environmental well-being

Output Cost

Actual 1998/99 \$000	Output Class: Class III Search and Rescue Services	1 July 1999 - 30 June 2000			
		Budget \$000	Actual \$000	Variance	
				\$000	%
	Revenue				
1,191	Crown	1,300	1,300	0	0
53	Interest	25	60	35	140
1,244	Total Revenue	1,325	1,360	35	3
	Expenses				
156	Personnel	207	181	26	13
717	Operating	809	628	181	(22)
197	Depreciation	310	206	104	34
124	Capital Charge	111	115	(4)	(4)
1,194	Total Output Expenses	1,437	1,130	307	21
50	Net Surplus/(Deficit)	(112)	230	342	305

Class III Search and Rescue Services - Service Performance

Output Performance

Performance Measures	1999/2000 Results		
Quantity			
Number of SAR incidents responded to		<i>Range</i>	Actual
Number of SAR Missions undertaken	Incidents responded to	900 - 1100	716
	Missions undertaken	20 - 24	13
Quality			
Maintain ISO Certification of National Rescue Co-ordination Centre	ISO certification was maintained.		
Timeliness			
100% of SAR incidents responded to within 10 minutes of notification	100% of SAR incidents were responded to within the required time frame.		

Outcome Performance

Performance Measures	1999/2000 Results
100% of Search and Rescue operations will be successfully concluded.	100% of Search and Rescue operations were successfully concluded during the year.
<i>Notes: A search and rescue operation is successful when:</i>	
i) information is obtained that the ship, aircraft, other craft or persons who are the subject of the SAR incident are no longer in distress; or	
ii) the ship, aircraft, other craft or persons for whom SAR unit are searching have been located and the survivors rescued.	

AVIATION SECURITY SERVICE

For the Year Ended 30 June 2000

OUTPUT CLASS : AVIATION SECURITY SERVICE

Description

This Output Class involves the provision of aviation security services for international and domestic air operations.

Outcomes

This Output Class contributed to the following Government Outcomes:

1. A safe, sustainable transport system at reasonable cost
2. Enhanced economic, social and environmental well-being
3. Community Security

Output Cost

Actual 1998/99 \$000	Output Class: Aviation Security Service	1 July 1999 - 30 June 2000			
		Budget \$000	Actual \$000	Variance	
				\$000	%
	Revenue				
9,979	Other	10,872	11,561	689	6
185	Interest	175	135	(40)	(23)
10,164	Total Revenue	11,047	11,696	649	6
	Expenses				
6,901	Personnel	7,824	7,472	352	4
2,549	Operating	2,731	2,809	(78)	(3)
575	Depreciation	561	689	(128)	(23)
487	Capital Charge	411	421	(10)	(2)
	Loss on disposal of assets	0	1	(1)	(100)
10,512	Total Output Expenses	11,527	11,392	135	1
(348)	Net Surplus/(Deficit)	(480)	304	784	163

Aviation Security Service - Service Performance

1. Passenger Screening

Description: Screening of all departing international passengers and their baggage as may from time to time be required by national or international authorities.

Performance Measures	1999/2000 Results	
Quantity		
Number of passengers screened.	Actual screened passengers	2,993,470
	Estimate	2,847,466
	Variance	+146,004
	%Variance	+5.13%
<p><i>The increase in passenger numbers over budget may be attributed to several factors including a rebound in Asian tourism, increased trans Tasman services and competitive pricing by airlines, APEC, the America's Cup and other significant sporting events, and a stronger domestic economy.</i></p>		
Quality		
98% compliance with the National Aviation Security Programme as audited.	No external audits were carried out during the period.	
95% detection rate in the Recurrent Testing Programme.	Test objects	1,666
	Objects detected	1,596
	Percentage detected	95.80%
During 1999/2000 year there will be no more than one (1) formal complaint per 100,000 passengers.	Actual complaints per 100,000 passengers	0.0234
	Estimate complaints per 100,000 passengers	1
Timeliness		
No flight delays due to screening activities.	There were 3 flight delays due to screening activities during the period.	

2. Aircraft Search

Description: Searching of all aircraft as required by national or international regulatory authorities or the operator.

Performance Measures	1999/2000 Results	
Quantity		
Number of aircraft searched	Actual searched aircraft	834
	Estimate	1,050
	Variance	-216
	%Variance	-20.57%
<p><i>The reduction in number of aircraft searched may be primarily attributed to the change in search requirements for United Airline services out of Auckland.</i></p>		

Quality							
Compliance with the National Aviation Security programme.	There were no corrective action request raised by external auditors of aircraft search activities during the period.						
95% detection rate in recurrent testing programme as measured by the percentage of test objects detected.	<table> <tr> <td>Objects used</td> <td>362</td> </tr> <tr> <td>Objects detected</td> <td>341</td> </tr> <tr> <td>% detected</td> <td>94.20%</td> </tr> </table>	Objects used	362	Objects detected	341	% detected	94.20%
Objects used	362						
Objects detected	341						
% detected	94.20%						
No more than 5 customer complaints.	Nil						
Timeliness							
Number of flight delays due to search activities.	Nil						

3. Patrols

Description: Patrols at all Security Designated Aerodromes and patrols as required at navigation installations.

Performance Measures	1999/2000 Results	
Quantity		
Number of patrol hours	Actual patrol hours	61,481
	Estimate	58,000
	Variance	+3,481
	% Variance	+6.00%
	<i>The increase in the number of patrol hours may be attribute to enhanced activity associated with APEC and accompanying VIP visits, and other VIP visits during the year as well as increased patrol activity at regional airports.</i>	
Number of incidents attended	Number of attended incidents	2,275
	Estimate	800
	Variance	+1,475
	% Variance	+184.38%
	Quality	
Persons unlawfully within a security area will be detected within five minutes of entry.	There was one report of a person remaining undetected for over five minutes within a security area during the period.	
Timeliness		
Incidents attended within three minutes of coming to notice.	There were no reports of incidents not attended within three minutes.	

4. Access Control

Description: Control of unauthorised access through controlled access points. Issue Airport Identity Cards to all authorised persons requiring them.

Performance Measures	1999/2000 Results	
Quantity		
Number of incidents of unauthorised access.	Nil	
Number of Airport Identity Cards issued:		
• 6,000 Permanent	Permanent Cards Issued	5,188
• 20,000 Temporary	Temporary Cards Issued	26,090
	In addition 1200 visitor and 311 company identity cards were issued during the period.	
	<i>Number of ID cards and the category of card issued in any year, is dependent upon demand and is very difficult to predict. APEC/VIP visits and a reduction in airport construction activity were the prime factors impacting on ID card issue during the period.</i>	
Quality		
95% compliance by Airport Identity Cardholders with the requirement for use.	Number of checks	13,184
	Number of breaches	120
	Percentage compliance	99.09%
Timeliness		
95% of Airport Identity Cards replaced by expiry date.	Number of checks	13,184
	Number of expired cards	91
	Percentage expired	0.64%
	Percentage current	99.36%

5. Promote Security Awareness and Airline Co-operation

Description: Supply of security awareness training as required.

Performance Measures	1999/2000 Results	
Quantity		
Number of courses held.	Actual courses held	66
	Estimate	75
Quality		
Level of customer satisfaction – needs of customer met based on course evaluations.	All customers were satisfied with the training given.	
Timeliness		
Percentage of training requests met within one week.	100%	

6. Maintain Cost Effective Operations

Performance Measures	1999/2000 Results
Quantity	
The cost of operations will be within budget.	Cost of operations was within budget.
Quality	
Cost of operations will be maintained by comparative benchmarking.	The third party review carried out by PricewaterhouseCoopers included the General Manager of Singapore Air Terminal Services Security in the team. This enabled them to benchmark the Service against that organisation. The issues raised by the review are now being worked through.
Financial reporting will be in compliance with the Public Finance Act.	There were no non-compliances reported.
Timeliness	
All financial reports produced within deadlines as may be set by the Civil Aviation Authority, Ministry of Transport or Treasury.	There were no cases of late reporting reported.

COST EFFECTIVENESS AND EFFICIENCY

1. Cost Effectiveness

Performance Indicator	1999/2000 Results	
The ratio of output expenditure to the number of access and security breach incidents.	Average cost	\$2,664,893
	Average number of incidents	2,172
	Ratio	\$1,227.93
	<i>Ratio (1999)</i>	<i>\$1,487.46</i>
<i>Trends from year to year and three year rolling average.</i>	Yearly trend	-\$259.53
	Three year rolling average	\$1,555.88

2. Cost Efficiency

Performance Indicator	1999/2000 Results	
The ratio of output expenditure to the number of passengers screened.	Average cost of screening	\$3,177,709
	Average number of passengers	2,852,608
	Ratio	\$1.11
	<i>Ratio (1999)</i>	<i>\$1.03</i>
<i>Trends from year to year and three year rolling average.</i>	Yearly trend	+\$0.08
	Three year rolling average	\$1.06
The ratio of output expenditure to the number of aircraft searched.	Average cost of screening	\$71,101
	Average number of aircraft	897
	Ratio	\$79.27
	<i>Ratio (1999)</i>	<i>\$82.20</i>
<i>Trends from year to year and three year rolling average.</i>	Yearly trend	-\$2.93
	Three year rolling average	\$79.41



Audit New Zealand

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE CIVIL AVIATION AUTHORITY OF NEW ZEALAND FOR THE YEAR ENDED 30 JUNE 2000

We have audited the financial statements on pages 57 to 107. The financial statements provide information about the past financial and service performance of the Civil Aviation Authority of New Zealand and its financial position as at 30 June 2000. This information is stated in accordance with the accounting policies set out on pages 65 to 68.

Responsibilities of the Authority

The Public Finance Act 1989 requires the Authority to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the Civil Aviation Authority of New Zealand as at 30 June 2000, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 2000.

Auditor's responsibilities

Section 43(1) of the Public Finance Act 1989 requires the Audit Office to audit the financial statements presented by the Authority. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed Stephen Lucy, of Audit New Zealand, to undertake the audit.

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 Authority in the preparation of the financial statements *and*
- ▲ whether the accounting policies are appropriate to Civil Aviation Authority of New Zealand's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of 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.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the Civil Aviation Authority of New Zealand.

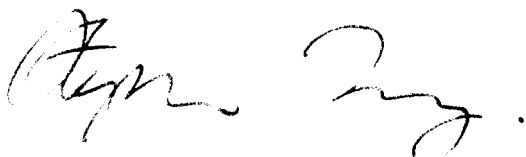
Unqualified opinion

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

In our opinion the financial statements of the Civil Aviation Authority of New Zealand on pages 57 to 107:

- ▲ comply with generally accepted accounting practice *and*
- ▲ fairly reflect:
 - the financial position as at 30 June 2000
 - the results of its operations and cash flows for the year ended on that date *and*
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 26 October 2000 and our unqualified opinion is expressed as at that date.



S B Lucy
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand