

Civil Aviation Authority of New Zealand
including the Aviation Security Service

STATEMENT OF INTENT

2005/2006 - 2007/2008

Presented to the House of Representatives Pursuant to Section 41F of the Public Finance Act 1989

Abbreviations

ACAS	Airborne Collision Avoidance System
ACC	Accident Compensation Corporation
ACNZ	Airways Corporation of New Zealand
AIA	Aviation Industry Association
AIP	Aeronautical Information Publications
AIS	Aeronautical Information Service
APEC	Asia Pacific Economic Co-operation
AQI	Audit Quality Index
ASAR	Aviation Security Statistics Recording
ASL	Aviation Services Limited
ATM	Air Traffic Management
ATS	Air Traffic Services
Avsec	Aviation Security Service
BASA	Bilateral Aviation Safety Agreements
CAA	Civil Aviation Authority
CASA	Civil Aviation Safety Authority (Australia)
CIRAG	CAA / Industry Rules Advisory Group
CNS	Communications, Navigation and Surveillance
DCA	Director of Civil Aviation
EAP	Employee Assistance Programme
EASA	European Aviation Safety Agency
EEO	Equal Employment Opportunities
EGPWS	Enhanced Ground Proximity Warning Systems
ELT	Emergency Locator Transmitters
ETOPS	Extended Twin-engine Operations
FAA	Federal Aviation Administration
GPWS	Ground Proximity Warning Systems
GST	Goods and Services Tax
HSE	Health and Safety in Employment
ICAO	International Civil Aviation Organisation
IFR	Instrument Flight Rules
ILS	Instrument Landing System
ISO	International Organisation for Standardisation
LOSA	Line Operations safety Audit
LTNZ	Land Transport New Zealand
MIP	Maintenance Implementation Procedure
MHz	Mega-hertz
MOT	Ministry of Transport
MSA	Maritime Safety Authority
NCI	Non-Compliance Index
NOTAM	Notice to Airmen
NPRM	Notice of Proposed Rule Making
NZAAA	New Zealand Agricultural Aviation Association
NZAIIP	New Zealand Aviation Information Publication
NZALPA	New Zealand Airline Pilots Association
NZHGPA	New Zealand Hang Gliding and Paragliding Assoc.
NZRCC	New Zealand Rescue Co-ordination centre
NZTS	New Zealand Transport Strategy
PASO	Pacific Aviation Safety Organisation
PTF	Planning Task Force (Transport sector)
RESA	Runway End Safety Areas
RNZAC	Royal New Zealand Aero Club
RNP	Required Navigation Performance
RNZAF	Royal New Zealand Air Force
RVSM	Reduced Vertical Separation Minimum
SARS	Severe Acute Respiratory Syndrome
TAIC	Transport Accident Investigation Commission
TAOC	Transitional Air Operator Certificate
TAWS	Terrain Avoidance Warning System
TSSD	Transport Sector Strategic Directions
TTMRA	Trans-Tasman Mutual Recognition Agreement
UAV	Unmanned Aerial Vehicle
VFR	Visual Flight Rule
VNC	Visual Navigation Chart

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Purpose of the Statement of Intent

This Statement of Intent provides an overview of the background and forecast activities of the Civil Aviation Authority of New Zealand including the Aviation Security Service for the financial year, 1 July 2005 - 30 June 2006, and the two succeeding years, 2006/07 and 2007/08.

The purpose of a statement of intent is to promote the public accountability of a Crown Entity by:

- (a) enabling the Crown to share in setting the Entity medium term intentions and undertakings,
- (b) setting out for Parliament those intentions and undertakings, and
- (c) providing a base against which actual performance can later be assessed.

(refer also to Appendices 1, 2, 3)

1. Civil Aviation Authority of New Zealand

1.1 What we do and who we are

The **Civil Aviation Authority of New Zealand** was established under the Civil Aviation Act 1990 as a Crown Entity on 10 August 1992 with the prime function of undertaking activities which promote civil aviation safety at reasonable cost. This function was revoked by legislative changes to the Civil Aviation Act in December 2004 which now gives the Authority an objective statement to:

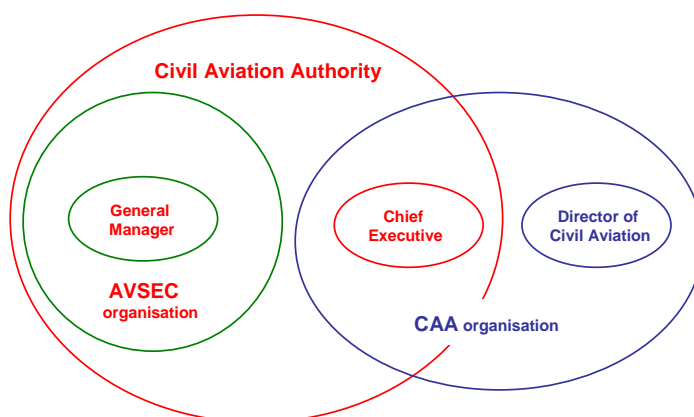
undertake its safety, security and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive, and sustainable transport system.

This new objective reflects the vision contained within the Government’s New Zealand Transport Strategy (2003).

The Authority is 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. This board is known as “the Authority” and reports to the Minister of Transport.

The office of the Director of Civil Aviation and the office of General Manager of Aviation Security are established by the Civil Aviation Act. Under these two persons, two organisations are established to carry out the respective functions; the **CAA** organisation and the **Aviation Security Service**.

The Director of Civil Aviation has independent statutory functions under the Act. The Director is also the Chief Executive of the Authority. The diagram below shows the relationship of the Civil Aviation Authority to the offices of Director of Civil Aviation, the Chief Executive of the CAA and the General Manager of Aviation Security. The Director of Civil Aviation and the Chief Executive of the CAA is the same person.



The Authority is required to perform its functions in respect of Avsec separately from its other functions, including the maintenance of separate accounts, records and reports. For this purpose the Authority, and with the concurrence of the Minister of Transport, has

established a standing committee of the Authority responsible for the Aviation Security Service.

Appendix 1 sets out the statutory responsibilities of each of the offices.

Until recently, the Authority had responsibility for the provision of Class III Search and Rescue Services. These services are now managed and provided by the Maritime Safety Authority.

1.1.1 The Authority

The five Civil Aviation Authority members of are:

- | | |
|------------------------|------------------------|
| ➤ Chairman | Ron Tannock |
| ➤ Deputy Chair (CAA) | Hazel Armstrong |
| ➤ Deputy Chair (Avsec) | Darryll Park |
| ➤ Authority Member | Robyn Reid |
| ➤ Authority Member | Susan Hughes |

1.1.2 The Chief Executives and their Role

Director of Civil Aviation - John Jones

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.

Appendix 1 sets out the statutory responsibilities of the Director of Civil Aviation

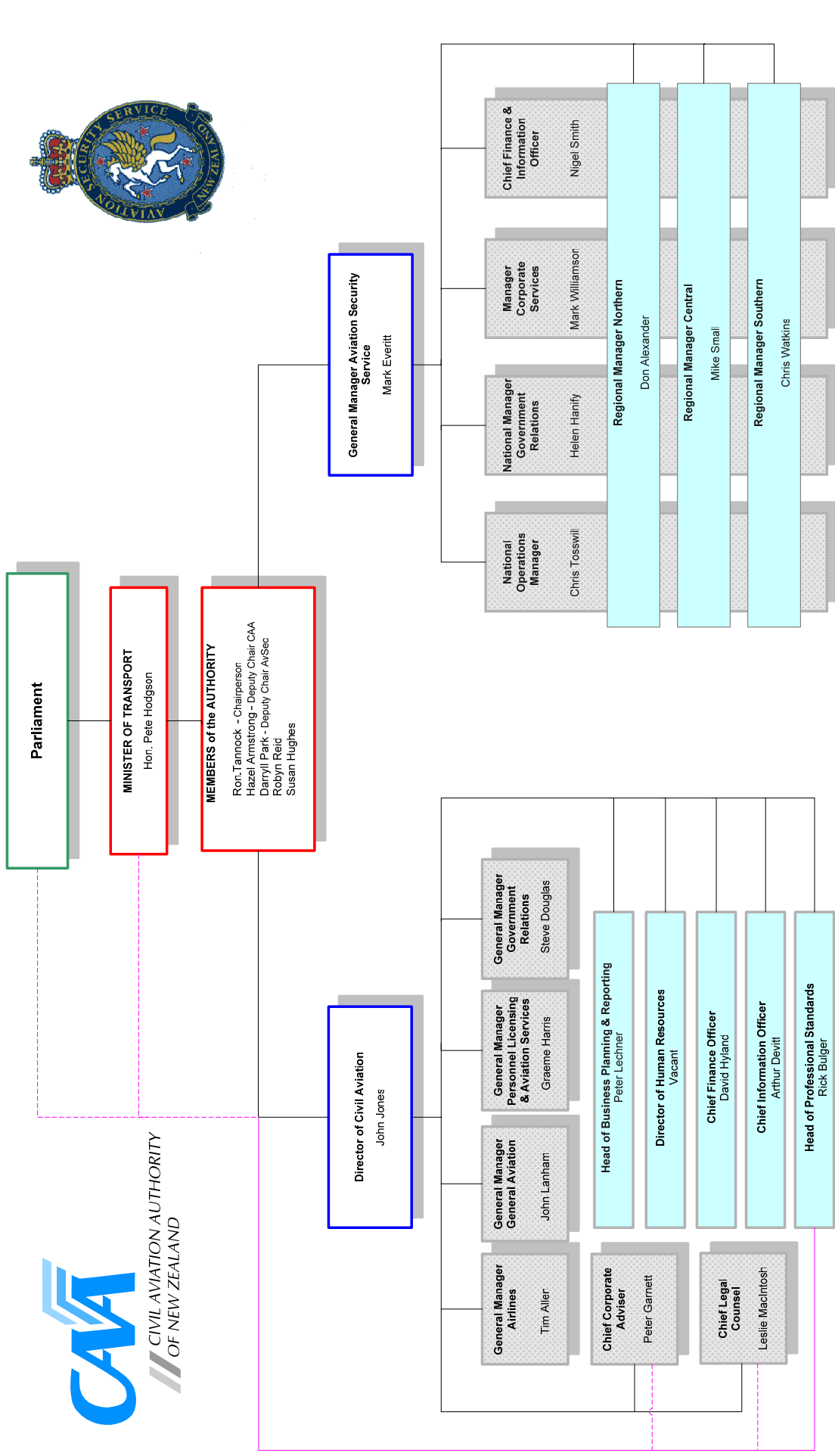
General Manager of the Aviation Security Service - Mark Everitt

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.

Appendix 1 sets out the statutory responsibilities of the General Manager of the Aviation Security Service.

1.1.3 Civil Aviation Authority Organisational Chart

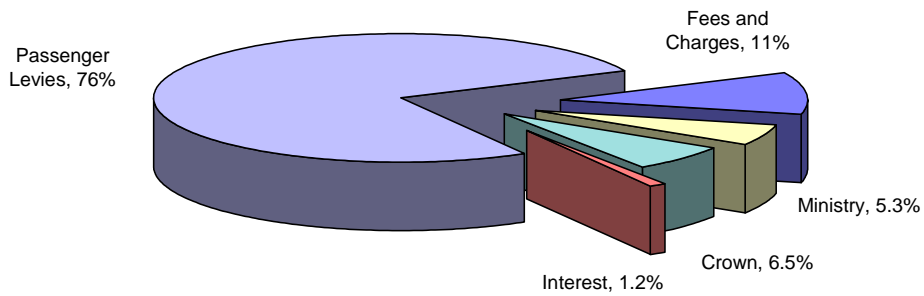


1.2 Our funding

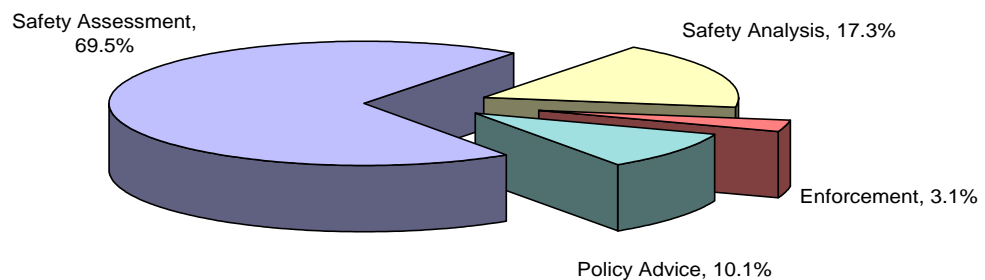
1.2.1 Civil Aviation Authority

Output Class	Output	Source of Funding
POLICY ADVICE	Advice to Government, Legislation Development, and Maintenance of International Aviation Safety Related Agreements	Crown funded
SAFETY ASSESSMENT & CERTIFICATION	Airlines sector safety risk management	Direct fees and charges and Levy funding
	General Aviation sector safety risk management	Direct fees and charges and Levy funding
	Personnel Licensing and Aviation Services sector safety risk management	Direct fees and charges and Levy funding
	Health and Safety in Employment aviation community safety and health risk management	Direct fees and charges
SAFETY ANALYSIS AND INFORMATION	Safety Investigation	Levy funded
	Safety Analysis	Levy funded
	Safety Information and Education	Levy funded
ENFORCEMENT	Responses to Regulatory Breaches	Levy funded

CAA Budgeted Revenue by Type for the Year 2005/2006



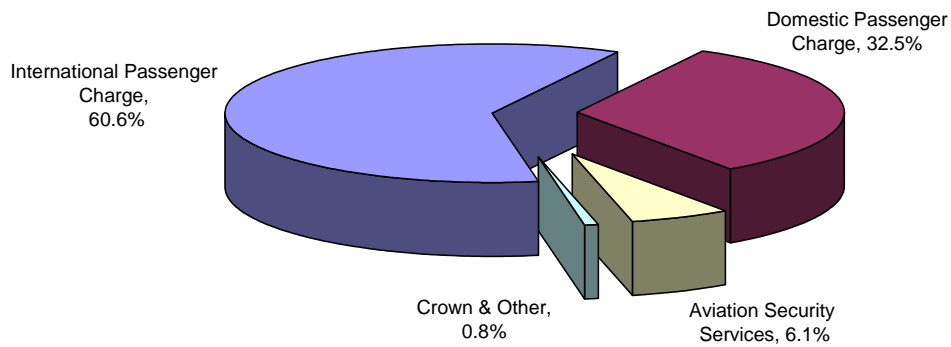
CAA Budgeted Expenditure by Type for the Year 2005/2006



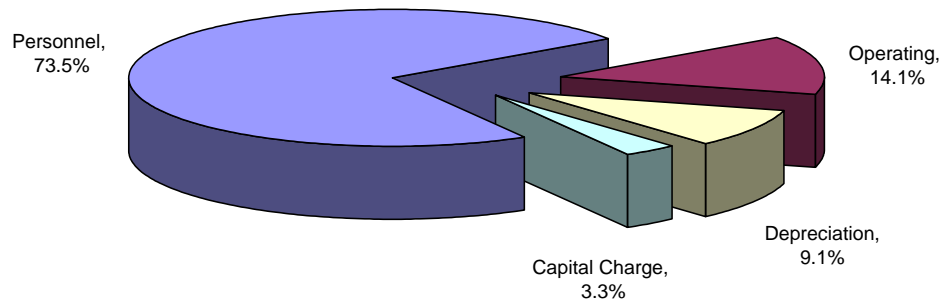
1.2.2 Aviation Security Service

Output Class	Output	Source of Funding
AVIATION SECURITY SERVICE	The provision of aviation security services	Security charge. Direct fees and charges.
MARITIME SECURITY	Passenger screening capability at Port of Auckland at level two security	Crown funding.

Avsec Budgeted Revenue by Type for the Year 2005/2006



Avsec Budgeted Expenditure by Type for the Year 2005/2006



1.3 Our strategic environment

Despite many challenges New Zealand continues to have an aviation safety and security system comparable to the best in the world – systems sought out by other States on which to model their own aviation safety system developments. The CAA and the Aviation Security Service continue to devise and implement safety and security systems and perspectives second to none.

1.3.1 Our stakeholders

The Civil Aviation Authority, the CAA and the Aviation Security Service acknowledge that there are particular and important stakeholders who have an interest in civil aviation safety and security. They are:

- Flying public - who want safe and secure air transport.
- Public at large - who want confidence in New Zealand civil aviation.
- Minister of Transport and Government – who require good advice and value for money, support and contribution to achieving the NZTS objectives.
- The staff of CAA and the Aviation Security Service- who want meaningful employment.
- Civil aviation community - who want appropriate and equitable regulation and security services.
- International organisations and State aviation authorities (especially those in the Pacific) - who want responsible technical and regulatory interaction and assistance.

1.3.2 Engagement with the New Zealand Transport Strategy

Background.

New Zealand Government policy regarding oversight of its transport infrastructural and regulatory responsibilities was defined in the New Zealand Transport Strategy 2002 (NZTS), changes to the Civil Aviation Act effective December 2004 and through other transport sector legislation.

The underlying concept of the policy is that of a “whole of government” approach with strategic transport objectives that mesh with overall Government goals for the country. The NZTS objectives show a clear change in the Government perspective on transport. That is a move away from a pure “regulation only” approach to a wider sector oversight responsibility within an inclusive and collaborative framework aimed at the development of sustainable transport system.

The Government Transport Sector Review (2004) recommended a movement to greater co-ordination and collaboration between transport agencies and it is expected that this development will take a very progressive form, differing sharply from a traditional “departmental” approach.

Government Transport Sector Aims

Vision

The Civil Aviation Authority recognises the Government’s vision for transport that by 2010 New Zealand will have an **affordable, integrated, safe, responsive, and sustainable transport system.**

Principles

The Government's vision is underpinned by four principles:

- Sustainability
- Integration
- Safety
- Responsiveness

Objectives

The Authority's endeavours will increasingly reflect the Government's strategic objectives for the transport sector, which are:

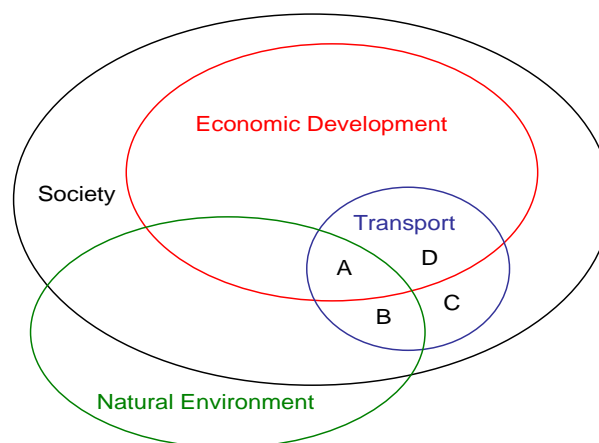
1. Assisting economic development
2. Assisting safety and personal security
3. Improving access and mobility
4. Protecting and promoting public health
5. Ensuring environmental sustainability

This is mirrored in the Act with the Authority's objective being to undertake its safety, security and other functions in a way that contributes to the aim of achieving an integrated, safe, responsive and sustainable transport system.

The NZTS is based on a sustainable development framework and principles. This means that economic development, social cohesion and environmental improvements must be progressed in parallel.

Interpretation

The following diagram attempts to represent the new approach required of the government transport sector agencies.



In the diagram, area D (safety at reasonable cost) and to a lesser extent area C in (terms of basic public safety), were the focus of the Authority until December 2004. The NZTS and the recent changes in legislation for the Authority:

- (a) adds personal security to area D;

- (b) brings area A and B into effect, focusing on interaction of the transport sector with society and the environment either as part of economic development or in terms of basic transport needs; and
- (c) area C which now also represents the new focus on public health and accessibility to transport.

Development of New Planning System

Under the chair of the Ministry of Transport, a Planning Task Force (PTF) has been working to establish the processes required to manage the collaborative work needed amongst the government transport sector agencies and other related regional government organisations. CAA and Avsec will continue to play a part in this process at a senior level to ensure that their respective operations add value to the NZTS approach.

The PTF has identified the need for an 18 month lead-in process to integrate, where necessary, planning within the government transport sector. This process will involve respective Boards and Authorities, the Ministry of Transport, the Minister of Transport and regional authorities. The sum of this early part of the process will be the development and acceptance of a Transport Sector Strategic Development Document (TSSD) about September each year. The TSSD, developed collaboratively, will be the Government's formal high level expectation of the whole of the government transport sector.

The TSSD will set out progress against the NZTS, intended collaborative developments and projects agreed for each of the participants. Progress in implementing these collaborative and co-operative initiatives will have targets set and progress reported each year. The TSSD will be reviewed each year and projects rolled forward as resources allow.

Transport agencies will then enter into their respective planning processes for the following financial year. This planning will have regard to any direction and co-operative projects defined and effectively agreed in the TSSD and reflected in future respective Statements of Intent.

The first TSSD document is expected to be completed in September 2005 for input to agencies planning for the financial year 2006-07 and following years as may be appropriate.

1.4 CAA Operations Environment

1.4.1 Overview

New Zealand continues to have a very active aviation community with approximately 8,900 pilot licences, 2,000 aircraft engineers and 3,800 registered aircraft operating within New Zealand and overseas.

A significant portion of the national economy is directly dependent on safety and security in the New Zealand civil aviation system. For this reason there is wide awareness of risk management within that system and in systems and communities connected with aviation.

(Refer also to Appendix 5 – CAA Supplementary environmental scan)

1.4.2 Aircraft Operations

There are 146 New Zealand registered aircraft engaged in airline operations, 83 of these are large aircraft. An increasing number of overseas registered aircraft operate to and in New Zealand. The airline sector accounts for 96% of the seat hours flown (during the 2003/04 year, more than 6.9 million passengers travelled on domestic airline services and 3.3 million on international services). A number of carriers operate competing schedules on the main trunk routes, however there remains one dominant domestic carrier. A number of smaller carriers provide a range of other services either independently of or in association with the larger carriers.

In the General Aviation sector there are approximately 1600 aeroplanes, 50 balloons and 600 helicopters operating a range of passenger and freight services, other commercial operations (such as agricultural operations) and private operations. The sector is becoming increasingly more competitive.

The agricultural sector represents a significant slice of activity with approximately 91,000 hours flown (although with an average of approximately 6 minutes per flight this represents over one million flights).

In addition to conventional private operations, a range of recreational activities increasingly takes place involving gliders, microlights, amateur-built aircraft, parachuting, hang gliding and others. Some of these activities are to a significant degree “self-monitoring” while other areas require the implementation of regulation.

1.4.3 Tourism

Tourism is very important in the New Zealand economy and this is certainly reflected in the general aviation and airline sectors. Of particular significance to the CAA is the rapid development of “adventure aviation” operations. These operations are of a specialist type of commercial activity operating on the limits of (if not beyond) the traditionally accepted norms of commercial aviation operations and, as such, require increased attention.

1.4.4 Safety Performance Trends

While safety performance within the airline sector is generally satisfactory, the CAA continues to regard the safety performance of parts of the general aviation sector as unsatisfactory.

Achieving an improved safety performance in the GA sector will remain a key challenge for the aviation community and an important goal for the CAA.

Nevertheless, the far reaching consequences of an accident in the airline sector do not allow for complacency, and it is recognised, and it has been demonstrated that risk factors in that sector can change quickly as a result of structural, financial or management or personnel changes. Close monitoring of airlines safety performance and systems remains warranted, although the means of achieving this will change over time.

The CAA is has recently undergone a process for setting safety targets for 2010 – the determination of these targets involved consultation with many parties including the aviation community and the public. The result has been the implementation of a set of safety targets that reflect the safety and security objectives of the Government’s New Zealand Transport Strategy. These new targets have already generated positive international attention¹ as they are much more incisive and useable in a national planning context.

1.4.5 Public Health and Terrorism

Direct terrorist threat and activity continue to significantly impact on international and domestic aviation, both in terms of security and viability. Widespread public health episodes, such as the 2003 Severe Acute Respiratory Syndrome (SARS) epidemic, prove also to have significant effects on airline operations. Together with the fickle state of the international airline business, these factors have resulted in the creation of a relatively turbulent global commercial aviation situation.

1.5 Aviation Security Service Operations Environment

1.5.1 Airlines and Airports

Avsec functions in an increasingly complex and competitive airport and airline environment. The impact of proposed changes in the levies process, which funds Avsec core functions and the increasing number of airlines, aircraft type, passenger numbers and flights into and from New Zealand, creates a fast-moving and very dynamic and sophisticated environment within which Avsec functions responsively and effectively.

1.5.2 International and National Security Environment

There has been a substantial increase in pressure and expectation which varies from state to state. While international standards are lead by ICAO, some States such as the United States and Australia, set higher levels of security on airlines entering their airspace. This impacts on New Zealand as these higher levels of security screening etc need to be conducted at those airports from which flights to the destinations depart. New Zealand remains ‘a safe haven’ and the regulator considers this country to be low-risk.

1.5.3 Technology

The impacts of changes in technology in aviation security are continually reviewed, as is international best practice. While the implementation of Hold Baggage Screening equipment will continue to be a major focus during the term of this Statement of Intent, there are likely to be further technology changes (eg explosive trace detection).

¹ School of Transport Studies, Imperial College London

1.5.4 Human Resources

The last three years has seen a more than doubling of Avsec's workforce (from about 200 people in September 2001 to about 530 in mid 2005). This growth in numbers has come at a time of strong pressures in the employment market, particularly in Auckland. These pressures have been reflected in the higher than normal staff turnover that Avsec has experienced post 2001 and in having to compete with the demand for similar skills. Turnover has been exacerbated by the rapid change that Avsec has experienced in recent years, causing discomfort for some.

In response to these pressures in February 2005 the Board approved a comprehensive package of measures that are intended to make Avsec salaries more competitive. This package was negotiated with the three staff unions, EPMU, NUPE and PSA and is to apply from 1 July 2005.

Over the next three years Avsec will require additional staff. The implementation of 100% Hold Baggage Screening from 1 January 2006 involves the recruitment of 125 additional full time equivalent staff. More staff are likely to be required in the 2006/07 and 2007/08 years as Avsec accommodates projected growth in passenger numbers, the expansion in the numbers of airlines flying to NZ and additional demands for other services. The international security environment is unlikely to become more benign in next three years and there is likely to be an enhancement of some security measures.

Recognising the complexities of managing staff in the early 21st century, the term of the Statement of Intent will see a comprehensive review of key Avsec Human Resource Management strategies. Particular focus will be on recruitment, performance management, succession and career planning and development programmes. This review is intended to ensure that Avsec remains an employer of choice.

1.5.5 Regulatory Environment

The key driver to Avsec's activity is New Zealand's membership of the International Civil Aviation Organisation that sets mandatory and recommended practices for the 186 member states. These mandatory and recommended practices are reflected in New Zealand's National Aviation Security Programme, Civil Aviation rules, of which the primary rule for the operation of aviation security services is Rule 140, and, where appropriate, legislation (eg the Civil Aviation Act 1990).

The events of September 11 and their aftermath have seen substantial changes to New Zealand's aviation security practices, reflecting changes agreed by the international community through ICAO and by the New Zealand Government. Major changes have included the introduction of domestic passenger screening for 90+ seat aircraft and planning for the screening of all hold baggage carried on international services (to apply from 1 January 2006).

1.5.6 The Travelling Public

The travelling public has high expectations of aviation safety and security but this is counter-balanced by a clear expectation of ease of travel. The travelling public is generally very accepting of a more active aviation security environment. It is important for Avsec to clearly communicate any aviation security changes to the travelling public (eg any relaxation of the types of sharp items passengers may take into the aircraft cabin, the introduction of 100% hold baggage screening from January 2006, levy changes) and the reasons for such change.

2. The CAA

2.1 Our vision

New Zealand aviation free from safety and security failure and contributing to an integrated, responsive and sustainable transport system.

2.2 Our mission

To take action that ensures people and property are not harmed or threatened by New Zealand civil aviation operations.

To ensure that New Zealand's international civil aviation obligations are met.

2.3 Our strategic objectives

CAA focus is on the safety and security of civil aviation in the public interest and achieving results that meet the test of public scrutiny. Public and international confidence in New Zealand air transport is imperative.

In particular, the CAA seeks to ensure that:

- (a) The number and impact of adverse aviation related events on people and property are minimized.
- (b) Civil aviation rules and other regulatory measures are understood by the aviation community, the public and CAA staff.
- (c) Civil aviation community participants consistently meet or exceed regulatory requirements.
- (d) The CAA has all the relevant information it needs to support its operations and decisions.
- (e) All regulatory tools, including sanctions, are applied by the CAA in a fair and consistent manner.
- (f) The public and government is well informed about New Zealand aviation safety and security.
- (g) New Zealand's international civil aviation obligations are met.

The safety and security of people will be paramount in any consideration and the Director of Civil Aviation will exercise his full powers as an independent regulator when necessary.

The CAA will at all times maintain a regulatory independence from the operations and management decisions of the aviation and related communities.

2.4 Our intermediate goals

There are a number of currently identified key results to be achieved that will assist the CAA to meet its strategic objectives as set out above:

- (a) The identification of aviation community safety target groups and the most appropriate safety and security measures and targets for these groups.
- (b) The review and improvement of aviation accident and incident investigation processes.

- (c) The continuing development of civil aviation rules to fulfill the needs of an effective safety and security regulatory system.
- (d) Implementation of “whole of Government” strategies such as the New Zealand Transport (NZTS) Strategy and the New Zealand Injury Prevention Strategy (NZIPS)
- (e) The development of an effective strategy for communication with the aviation community and the public.
- (f) The implementation of new operational oversight systems on behalf of Government agencies such as the CAA’s new Health and Safety in Employment Act responsibilities.

2.5 Our strategies

The CAA has developed an advanced business philosophy over the last decade (refer Appendix 4 – Our business philosophy) and seeks to further advance this philosophy and meet its goals and objectives through the enhancement of its:

- (a) Regulatory oversight.
- (b) Measurement, monitoring, analysis and feedback.
- (c) Informing and educating the aviation community and the public.
- (d) Organisational development.
- (e) Internal knowledge management.

The details of these strategies are set out below.

2.5.1 Regulatory oversight strategy

The regulatory oversight strategy revolves around the CAA enforcing (in the wider sense) compliance with the requirements of the Civil Aviation Act, the Civil Aviation Rules and the Health and Safety in Employment Act and, in so doing, meeting the requirements of other legislation prevailing over CAA operations. This core business involves:

- Setting and maintaining standards – development and maintenance of legislation, exercising discretion in applying legislative powers.
- Performing entry control on demand – organisations and individuals.
- Monitoring industry safety and security performance – surveillance and remedial action, both pro-active and re-active.
- Actively encouraging improved safety and security performance – all forms of education and promotion.
- Undertaking law enforcement action in the public interest.
- Carrying out exit control on non-performance – suspension and revocation of aviation documents.
- Making regulatory decisions – appropriately and in accordance with legal requirements set out in legislation and at common law.
- Carrying out New Zealand’s obligations and responsibilities to international civil aviation and the international bodies to which New Zealand is a signatory – as delegated by the Minister of Transport.

Alongside, and in support of this core work, the CAA will:

- Work with the Ministry of Transport, other Government agencies and aviation community to ensure that legislation and rules prevailing on civil aviation are appropriate and current.
- Continue to monitor the development of new technology in aviation and to ensure there are timely and appropriate regulatory or other responses to ensure safety and security and other relevant risks are managed.
- Ensure that legal and legislative compliance risks for the short and long term are appropriately managed.

2.5.2 System measurement, monitoring, analysis and feedback strategy

The system measurement, monitoring, analysis and feedback strategy recognises that, in the short term, regulatory oversight strategy activities alone will not be sufficient to ensure the CAA's goals for the aviation community are achieved. Significant problems identified from data generated by the regulatory oversight strategy activities will be addressed through this strategy. These problems may relate to the wider aviation community or internally to the CAA. Regardless of origin they will be dealt with by:

- Factually and traceably identifying significant aviation problem areas - that are not dealt with by regulatory oversight strategy activities.
- Identifying measures for improvement - in this strategy we only deal with problems whose significance is such that valid data measures can be identified and monitored during the whole course of a given project.
- Focusing on implementing specific and targeted cost effective solutions.

The CAA will work to achieve a reduction in adverse aviation events and the effect these have on the community as a whole. This includes the achievement of the 2010 safety and security outcome targets and any other relevant targets that may be developed. To assist the industry achieve these targets, and as one important course of action, the CAA intends to continue to promote effective and efficient risk management.

2.5.3 Informing and educating the aviation community and the public strategy

The CAA recognises that one of the external limits on achieving safety and security targets is the culture in some parts of the New Zealand aviation community. This strategy focuses on securing beneficial culture change in the aviation community through the ongoing introduction of good safety and security practices. This presently includes:

- The introduction of “Just Culture”² to the New Zealand civil aviation community – while ensuring the CAA can continue to meet its regulatory obligations.
- The embodiment the “responsible industry” concept into the “CAA safety oversight system”.

² The CAA perspective on **Just Culture** is: Development of a just culture requires that an organisation rethink its disciplinary policies. For a just culture, human error is not an automatic reason to take disciplinary action; rather, the standards for taking disciplinary action involve the intentional violation of established safe practices and/or conduct that stems from reckless behaviour with disregard for risk. In contrast to a punitive culture, the just culture will recognize that rule violations occur, provide a "just" and therefore safe reporting environment, and further the goal of learning from events.

Both of these perspectives are expected to assist in the identification and development of a cost effective model to drive continuous safety culture improvement through the aviation community.

Increasingly, the perspectives and understanding of the public in their interaction with the aviation community is becoming more important. This is especially significant in regard to the CAA's responsibilities under the NZTS. The CAA will continue to seek information from the public to assist in developing and targeting information and education both for the public and for the aviation community.

The CAA will work to ensure all promotional and educational material prepared by the CAA is delivered in a timely and relevant manner.

The CAA intends to continue to be progressive and successful with the manner in which it engages both with the aviation community, with the public and other stakeholders.

2.5.4 Organisational Development strategy

Our Systems and organisation

The CAA will ensure that it maintains a level of resources that meet the dynamic needs of the organisation. It will ensure, through regular review, that resources are focused on operations that will bring most progress toward the goals of the government and the organisation. This review may be dynamic, however it is accepted that the CAA will need to undertake concentrated effort on the issue from time to time. It should include business functions and answer such questions as:

- Does the CAA have the right systems, people and procedures to support the strategies?
- Is development of policies, systems, and procedures supporting the strategies?

The reviews will also identify the optimal allocation of appropriate human resources required by the CAA's strategies and ensure good balance in terms of re-active core business and developmental initiatives.

The CAA will ensure that continuous improvement concepts are well understood and integrated. It will improve the cost efficiency through:

- prudent resource management;
- productivity initiatives; and
- continuous evaluation of costs and charges.

It will also optimise services and support systems through the ongoing development of;

- quality management systems;
- effective communication; and
- maintenance of appropriate ISO certification.

Implementation of management systems will be undertaken with the philosophy of meeting or exceed industry best practice. Reporting systems will be focused and material.

As an effective organisation the CAA intends to ensure that it is:

- Capable - Ensuring we have the expertise we need to meet our obligations.
- Responsive - Meeting the changing international and national environment and the needs of all stakeholders.

- Forward-looking – Maintaining our ability to propose effective solutions that will improve civil aviation outcomes into the future.
- Credible - Ensuring that we have the credibility needed to earn the respect of the aviation community.
- Consultative - Undertaking meaningful dialogue and communication with the aviation community and other interested parties in a timely manner.
- Evidence-based - Review and research underpinning our regulatory and facilitative decisions.
- Quality focused – The management of systems and people in a manner that delivers efficiency, effectiveness and optimum service quality through continuous improvement.
- A good employer - Ensuring that the extra effort and performance of everyone is recognised and rewarded in a positive and appropriate manner.

Our People

The CAA believes that the essence of success lies in its people undertaking their responsibilities with integrity and independence. It has a set of organisational values that guide management and staff, reflect its conventions of professionalism, skill, communication and service, the Government's expectations, the changing needs of the transport sector, and the manner in which the CAA wishes to add value to a sustainable transport future.

In particular:

- Collaboration and co-operation – Fostering energetic and innovative teamwork through a common ethos and mutual support within and outside the CAA.
- Responsibility and accountability - Understanding, meeting and exceeding our obligations. Responsible for our actions.
- Integrity - Respectful, open, honest, straightforward and reliable.
- Fairness & consistency - Treating everyone in a timely, fair and reasonable manner.
- Enjoying the work - Taking satisfaction from the work and celebrating success.

The CAA will continue to develop leadership concepts and seek to have effective and pragmatic leadership demonstrated at all levels of the organisation. It will ensure that its people undertake their responsibilities efficiently and effectively, enhancing individual capacity. This will be achieved through good people management including;

- proactive recruitment;
- performance appraisal;
- ongoing training;
- secondment within the aviation community; and
- succession planning.

2.5.5 Internal knowledge management strategy

The CAA recognises its need to manage the wealth of information it continues to accumulate regarding aviation community activities by developing a Knowledge Management strategy. This strategy is fundamental to ensuring the effectiveness of the CAA.

The prevailing understanding of the nature of knowledge is accepted by the CAA; it is either explicit knowledge that can be recorded in some form, or tacit knowledge represented by experience, interest or understanding. While explicit knowledge is easily shared and can be effectively transferred by technology, the CAA recognises that tacit knowledge requires some extended social process for transfer.

- The CAA will continue to be to establish an environment where people are encouraged to create, share and reuse knowledge about the industry to achieve the goals of the organisation in the most effective and efficient manner possible.

Knowledge management can be defined as any structured activity that improves the CAA's capacity to acquire, share and use knowledge in ways that improve its survival and success. The knowledge that resides in the CAA at present is our intellectual capital. This is the sum of human capital, structural capital and relationship capital. Human capital is the knowledge that employees possess and generate, including their skills, experience and creativity. Structural capital is the knowledge captured and retained in systems and structures - it remains when someone leaves. Relationship capital is the value derived from relationships with key stakeholders who provide added value for the CAA (the aviation community and other State regulators for example).

The CAA will ensure that its management and information systems continue to meet the changing knowledge needs of the organisation by implementing the following initiatives:

- develop recognition, incentives and rewards for new core competencies for knowledge management;
- development of the cultural side of knowledge management through facilitated communities of interest and practice;
- commence a review of the CAA Document Management System and underlying file management system;
- implementation of a Library Management system;
- continued development of Business Information Systems (ASMS) and Intranet (CIRRUS) systems; and
- investigate new technologies for disseminating and sharing knowledge.

2.6 Measuring the change

2.6.1 Aviation Safety and Security Measures

Over the 10 years 1995 to 2005 the social cost to New Zealand of aviation accidents is estimated at approximately \$755 million³. This represents the social costs of 233 fatalities and 182 serious injuries, plus 103 aircraft destroyed in fatal and serious injury accidents. Almost 95% of this cost was generated by light aircraft⁴. Aircraft below 5,670 kg and helicopters provide just over 5% of services measured in seat-hours⁵.

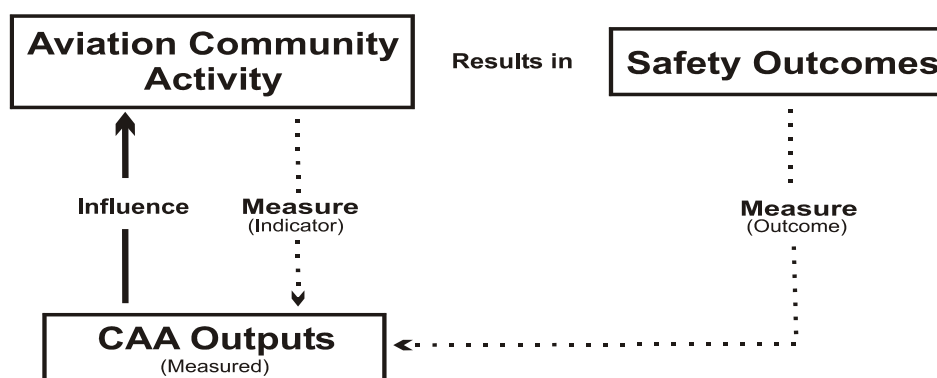
The objective of the outcome measures set out below is to identify the safety performance of the aviation community, areas where action needs to be taken by the CAA, and the consequences of action taken by the CAA.

2.6.2 The Importance of Measures

The diagram below shows the interactions between the wider aviation community and the CAA.

The CAA's outputs are directed at improving civil aviation safety and security. Some of the CAA's **outputs** are education and promotion, audits, occurrence investigation, safety information, new or amended rules (drafted under contract) and regulatory enforcement. Each of these outputs has an **influence** on the aviation community's safety and security activities and the measure of the safety risk mitigation of the aviation community is 'better' **safety outcomes**.

(refer also Appendix 4 - Our business philosophy)



2.6.3 New Safety Outcome targets and measures

New Safety Outcome Targets have been developed to better inform government, the public and other interested parties while providing essential measurements from which the CAA can focus its activities and resources. Wide consultation has been undertaken in developing the targets.

A new measure has been chosen to quantify safety performance – the social cost of accidents per unit of activity.

³ Excluding foreign aircraft, aircraft where registration was unknown and unregistered aircraft.

⁴ Aircraft below 5,670 kg (including helicopters) and hang gliders and parachutes.

⁵ Excludes sport aircraft.

By using a weighted average method for combining the results of each part of the aviation community, social cost for sectors and for the whole of the aviation community can be established. This data will allow trends to be observed over time.

Briefly, the Social Cost of accidents is an economic measure of the cost of accidents to the nation. It assigns a value of statistical life to any deaths, it assigns rehabilitation costs from injuries, and it includes the cost of property damaged or lost in the accident and any other specific externality cost. The gross social costs generated from accidents are spread pro-rata over the volume of aviation activity in any specified sector of the aviation community.

The social cost perspective meshes well with the Government's sustainable transport system objectives. While it is an economic measure, the related externalities are expected to reflect most of the NZTS objectives in a largely direct manner.

As an initial part of the development of the new safety outcome measures, a new set of aviation target groupings has been developed. These groupings are intended to better cover the community and to be more intuitive to both the aviation community and the public. There are now 13 such groups, each of which falls under one of 3 key interest areas;

- Public air transport - all aspects of those operations that are in business to provide public transport for passengers and freight.
- Other Commercial - all aspects of those operations that are in business to provide non-public transport services, it includes training, agricultural, mapping, and industrial operations.
- Non-Commercial - all non-commercial operations such as private flying, and club flying.

The new aviation safety targets seek to achieve a reduction in the costs to society of aviation accidents, without adversely impacting on other government objectives for the aviation system. It is intended that they will drive the development of the CAA's safety interventions including rule development, safety information programmes, entry control, enforcement and surveillance activities, amongst others.

The safety outcome target levels for 2010 have been set as set out in the table below:

Aviation Safety Outcome Target Group (and group number - the targets are expressed in 2005 NZ\$)	Approximate Current Social Cost per unit of Exposure (2005)	2010 Target Maximum Acceptable Social Cost per unit of Passenger Exposure
1 Airline Operations - Large Aeroplanes	\$0.13	\$0.10
2 Airline Operations - Medium Aeroplanes	\$0.00	
3 Airline Operations - Small Aeroplanes	\$65.18	\$6.50
4 Airline Operations - Helicopters	\$55.46	
5 Other commercial operations - Aeroplane	\$6.44	
6 Other commercial operations - Helicopter	\$36.76	
7 Agricultural operations - Aeroplane	\$141.90	\$14.00
8 Agricultural operations - Helicopter	\$85.44	
9 Agricultural operations - Sport aviation	n/a	\$28.00
10 Private operations - Aeroplane	\$115.51	\$10.00
11 Private operations - Helicopter	\$98.31	
12 Sport aviation transport operations	\$113.21	\$13.00
13 Private operations - Sport aviation	\$174.06	\$20.00

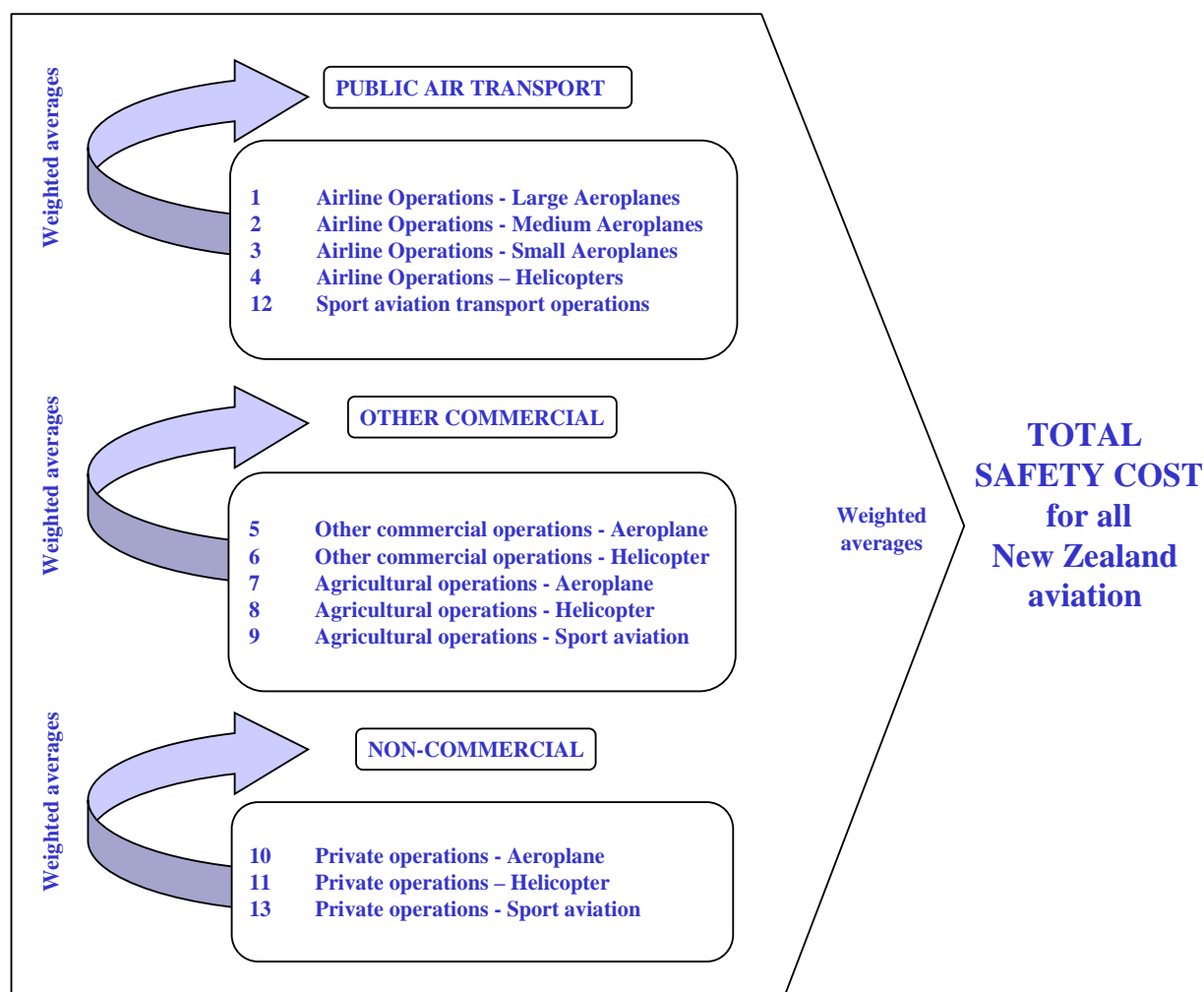
2.6.4 Safety Outcome Hierarchy

The following diagram shows the relationships in the system of Safety Outcome Targets. Three strata categories have been established:

1. Total safety cost over all New Zealand aviation,
2. Total safety cost over each of the key interest areas (public transport, commercial operations, and non-commercial operations), and
3. Total safety cost for each of the 13 specific safety target groups (with targets set as shown in the table above).

While targets can not presently be set for either of the Total Safety Cost over all New Zealand aviation (1 above), and the Total safety cost over each of the key interest areas (2 above), the CAA intends to report the results it has for these categories at the end of each year along with the results of the Total safety cost for each of the 13 specific safety target groups against their respective targets (3 above).

The weighted averages over the range of the constituents of the 3 key interest area categories is expected to show a clear positive change over time. Similarly, the weighted averages over the whole aviation community will show the Total Safety Cost to New Zealand and this is also expected to show a positive trend over time.



2.6.5 Intermediate Outcome targets and measures

The intermediate outcome measures set out below are expected to give an indication of the latent safety risk of the aviation community.

Area	Measures	Target	Breakout
Aircraft Accidents⁶	Aircraft accidents will be recorded by the number of incidents per 100,000 flight hours with reports	A positive trend in the rate of aircraft accidents	Same taxonomy as primary targets
Non-compliance	The median level of non-compliances detected during entry, audit, and safety investigation weighted for severity and divided by routine CAA audit hours as a measure of “organisational size.	A positive trend in the weighted level of detected non-compliance with aviation legislative requirements.	Across all document holders
Risk Assessment	The median level of risk assessment results triggered by standard changes detected through or consequent to entry, audit, and safety investigation or from other information.	A positive trend in the level of CAA assessed safety and security risk	Across all document holders
Corrective Actions	A positive trend in the rate of implementation of corrective actions identified in CAA audit reports.	<ul style="list-style-type: none"> ▪ 100% of Critical actions implemented by due date. ▪ 80% of Major actions implemented by due date. ▪ 70% of all actions implemented by due date. ▪ A decrease in the number of overdue corrective actions. 	Across all document holders

2.6.6 Development of New Complementary Measures

The CAA will continue to work on the development of new complementary targets and measures that will reflect the need inferred by the NZTS to establish pragmatic inter-modal safety risk measures.

As part of this work the CAA will continue to work with the Ministry of Transport and other transport agencies as well as other relevant Government departments. In particular, the CAA will continue its work with the Department of Labour (and the Accident Compensation Corporation) to develop or align aviation community measures with the work supporting the New Zealand Injury Prevention Strategy.

The safety outcome targets and measures will be reported in the Annual Report and where practicable on a quarterly basis to the Minister of Transport.

⁶ "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".

2.7 Focused action

The CAA has a series of supporting action statements that set out the overall project work plan and focus for the next five years. The objectives and tasks are linked explicitly to the CAA's strategies. Also included in this section in future, will be those collaborative and co-operative projects that the CAA intends to enter into with other government transport agencies.

2.7.1 Aviation Risk Interventions

Listed below is the non-routine application of resources intended to effect a specific change in operations in a defined part of the aviation community. This work is an integral part of the CAA's safety approach – for each of the aviation risk interventions their relationship with the CAA's particular strategies is set out.

Non-performing Industry Sectors	Aviation Risk Intervention
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Description	The safety targets for commercial heavy twin engine aircraft and Helicopters are not being met or are not likely to be met without additional intervention.
Action	Identification and implementation of appropriate remedial measures to restore an acceptable level of safety.
Objective	To achieve the 2010 safety targets in each of the categories.
Strategy Link	(a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public.

ARI 04/01

Standards of Airworthiness	Aviation Risk Intervention
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Description	Standards of general aviation sector aircraft airworthiness are unacceptably low.
Action	To continue with the implementation of a package of targeted measures to treat identified deficiencies.
Objective	To raise the standard of airworthiness in the general aviation sector to acceptable levels.
Strategy Link	(a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public.

ARI 04/02

Aging Aircraft	Aviation Risk Intervention
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Description	Some airline aircraft in New Zealand are aging. There is increasing concern that this gives rise to an unacceptable level of latent safety risk.
Action	Identification of the aircraft where these risks are present and the implementation of appropriate remedial programmes.
Objective	To remove the latent safety risks posed by the identified aircraft.
Strategy Link	(a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public.

ARI 04/03

Commercial Sport and Recreation Operations		Aviation Risk Intervention
Description	The increasing use of sport and recreation aircraft for the carriage of passengers or goods for hire or reward poses significant safety risk.	
Action	The development of an appropriate regulatory environment to address the risk.	
Objective	To ensure that the safety risk in the sector is minimised through the implementation of appropriate regulation.	
Strategy Link	<ul style="list-style-type: none"> (a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (d) Organisational development. (e) Internal knowledge management. 	

High Technology Sport and Recreation Aircraft		Aviation Risk Intervention
Description	The introduction of high performance sport and recreation aircraft, using leading edge technology, is dramatically increasing in popularity. These aircraft pose a new area of safety risk.	
Action	The assessment of the safety risk introduced by these aircraft and the evaluation and recommendation of regulatory or other means to manage that risk	
Objective	To ensure adequate management of high technology sport and recreation aircraft.	
Strategy Link	<ul style="list-style-type: none"> (a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (d) Organisational development. (e) Internal knowledge management. 	

Industry Skills		Aviation Risk Intervention
Description	The skills and experience of people in the aviation community is declining.	
Action	Implement appropriate remedial measures to manage the risks of this decline at acceptable levels.	
Objective	To successfully assist in raising skills and experience levels throughout the aviation community.	
Staretyg Link	<ul style="list-style-type: none"> (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (e) Internal knowledge management. 	

2.7.2 Special Projects Action

Listed below are the main project based initiatives focused on aviation system or CAA organisational development.

Information Technology Planning

Special Projects Action

Description	Implementation of information systems strategic plan (ISSP) that sets out the high level IT initiatives that the CAA will follow to ensure that it can deliver on its business goals.
Action	Review and update of the ISSP.
Objective	To ensure the CAA has a means of routinely assessing technology advancements and planning to take advantage of such advances.
Strategy Link	(b) Measurement, monitoring, analysis and feedback. (d) Organisational development. (e) Internal knowledge management.

SPA 04/01

Human Resource Planning

Special Projects Action

Description	Introduction and implementation of human resource planning and any associated CAA policy reviews.
Action	Preparation of procedures and routines to undertake the formal process on an annual or dynamic basis.
Objective	To ensure the CAA has a means of routinely assessing human resource management advancements and planning to take advantage of such advances.
Strategy Link	(d) Organisational development. (e) Internal knowledge management.

SPA 04/02

International Role of CAA

Special Projects Action

Description	The CAA's current obligations with respect to providing functions for foreign civil aviation regulatory authorities are unclear.
Action	Determine the nature and extent of the CAA's preferred future role in the assistance given to foreign regulatory authorities. Develop a clear policy in this regard and seek government approval.
Objective	To ensure the CAA and government has a clear understanding of the CAA's obligations with respect to foreign civil aviation regulatory authorities.
Strategy Link	(a) Regulatory oversight. (d) Organisational development. (e) Internal knowledge management.

SPA 04/03

Stakeholder Relationships		Special Projects Action
Description	The CAA's policy on interaction and consultation with stakeholders needs updating.	
Action	Review of the existing documentation and consideration in light of the new Rules Review system. Compile new policy and promote it both internally and with stakeholders.	
Objective	An improved and informed relationship with stakeholders.	
Strategy Link	(c) Informing and educating the aviation community and the public. (d) Organisational development. (e) Internal knowledge management.	

Corporate Risk Management		Special Projects Action
Description	The continued development and application of business risk assessment methodologies to ensure minimal CAA business risk.	
Action	The development and implementation of a robust business risk management culture within the CAA. The maintenance of an appropriate business continuation plan implemented by end 2005.	
Objective	Management of CAA business risk at defined levels and definitions.	
Strategy Link	(d) Organisational development. (e) Internal knowledge management.	

Rules Development and Maintenance		Special Projects Action
Description	The CAA contracts with the MOT to undertake a civil aviation Rules and maintenance development programme. The Rule development and maintenance is an integral part of the CAA's regulatory role.	
Action	The CAA will prepare a draft programme of Rules development and maintenance work annually and negotiate this programme with the MOT. It is acknowledged that the MOT will introduce any preferences on behalf of the Minister of Transport. The recently completed processes for consultation with interested parties will be employed to manage, draft and review the Rules.	
Objective	To ensure the Rules are current, applicable and provide demonstrable impact on aviation safety risk.	
Strategy Link	(a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (d) Organisational development. (e) Internal knowledge management.	

2.8 Managing organisational risks

2.8.1 Financial

Over the last few years the CAA has retained surpluses in order to build an appropriate level of taxpayer equity and to ensure adequate resources for the oversight or management of any significant unforeseen safety or security events. The target taxpayer equity level has largely been reached.

The CAA is heavily dependent on the revenue it receives through the passenger safety levy imposed on domestic and international operators through the Civil Aviation Charges Regulations. In recent years this income has been at risk due to security and health episodes and there have also been fluctuations in the flow of the income due to changing external tourism and business factors. The CAA has no control over these fluctuations. For this reason and because the outlook of the CAA is changing, a full funding review will be completed with, in part, the objective of identifying reliable alternative sources of funding. This review will involve consultation with stakeholders and the Ministry of Transport.

2.8.2 Plant and Equipment

The CAA has pursued a policy of reducing its ownership of plant and equipment in favour of accessing its needs on a contingent basis. The vehicle fleet has been minimised. The largest asset remains the Information Technology equipment core to the CAA's operations.

In late 2003 the CAA shifted its offices to rented premises on the Petone foreshore. This location represents a reasonable compromise between cost and accessibility for both staff and CAA visitors. The lease for the current premises expires in 2009. The building, while not entirely ideal, offers staff a good working environment and provides a small margin of space for any necessary expansion in staff numbers.

2.8.3 Personnel

Due to the nature of the CAA's operations, its people have been traditionally drawn from the more experienced and older part of the aviation community. This poses issues of turnover and succession. A significant issue is the CAA's ability to attract specialist staff from an international pool of expertise, with competition for such people being very strong. As a result there have been, and will continue to be times, when the CAA does not have the number of experienced staff it needs.

2.8.4 Governance and management

The management structure of the CAA remains stable with a focus on each of the aviation sectors. The aviation technical expertise of managers is currently being supplemented by greater management capabilities through a series of organisational wide programmes. Through this programme a balance of technical and operational effectiveness is sought with standard management functions and obligations.

A number of the Authority Members are relatively new bringing different perspectives to the Authority. The Chairman has taken the opportunity to change the perspective of the Authority in that members are expected to take a more strategic role in their governance responsibilities with CAA (and Avsec). However, in so doing it is expected that the Authority Members and the Executive management of both organisations will continue to work in a collaborative and co-operative manner both within the Civil Aviation Authority and the wider government transport sector.

2.9 Financial expectations

2.9.1 Consolidated Output costs and revenue

(\$000's, GST exclusive)

OUTPUT CLASS		Budget 2005/06	Budget 2006/07	Budget 2007/08	Budget 2008/09	
POLICY ADVICE						
1.1	Policy Advice	Crown Funding	1,321	1,321	1,321	1,321
		Fees and Charges				
		Revenue Policy Advice	1,321	1,321	1,321	1,321
1.2	Rules Development	Fees and Charges	1,418	1,418	1,418	1,418
		Levies				
		Revenue Rules Development	1,418	1,418	1,418	1,418
	Total Revenue		2,738	2,738	2,738	2,738
1.1	Advice to Government	Total Operating Costs	1,320	1,320	1,320	1,320
1.2	Legislation and Standards Development	Total Operating Costs	1,418	1,418	1,418	1,418
	Total Expenditure		2,739	2,739	2,739	2,739
	Surplus/(Deficit)					
SAFETY ASSESSMENT & CERTIFICATION						
2.1	Airlines	Fees and Charges	1,773	1,752	1,732	1,712
		Levies	5,308	5,534	5,613	5,751
		Revenue Airlines	7,081	7,286	7,345	7,463
2.2	General Aviation	Fees and Charges	628	640	650	660
		Levies	3,967	4,086	4,209	4,335
		Revenue General Aviation	4,595	4,726	4,859	4,995
2.3	Personnel Licensing & Aero. Services	Fees and Charges	451	460	470	480
		Levies	5,696	5,867	6,043	6,224
		Revenue P L A S	6,147	6,327	6,513	6,704
2.4	Health & Safety in Aviation	Crown Funding	440	440	440	440
		Total	440	440	440	440
	Total Revenue		18,263	18,779	19,157	19,602
2.1	Airlines	Total Operating Costs	7,057	6,940	7,194	7,200
2.2	General Aviation	Total Operating Costs	4,969	5,118	5,272	5,430
2.3	Licensing & Aeronautical Services	Total Operating Costs	6,872	7,078	7,290	7,509
	Total Expenditure		18,898	19,136	19,756	20,139
	Surplus/(Deficit)		-635	-357	-599	-537
SAFETY ANALYSIS & EDUCATION						
3.1	Safety Investigation	Levies	2,398	2,379	2,440	2,449
3.2	Safety Analysis	Levies	661	681	701	722
3.3	Safety Information and Education	Levies	1,657	1,707	1,758	1,811
	Total Revenue		4,716	4,767	4,899	4,982
3.1	Safety Investigation	Total Operating Costs	2,398	2,379	2,440	2,449
3.2	Safety Analysis	Total Operating Costs	661	681	701	722
3.2	Safety Information and Education	Total Operating Costs	1,657	1,707	1,758	1,811
	Total Expenditure		4,716	4,767	4,899	4,982
	Surplus/(Deficit)					
ENFORCEMENT						
4.1	Enforcement	Levies	845	850	861	872
4.1	Enforcement	Total Operating Costs	845	850	861	872
	Surplus/(Deficit)					
TOTAL OUTPUTS						
		Crown Funding	1,761	1,761	1,761	1,761
		Fees and Charges	4,269	4,269	4,269	4,269
		Levies	20,532	21,104	21,625	22,164
		Inter-Group				
		Interest	336	260	250	215
	Total revenue		26,898	27,394	27,905	28,409
	Total Expenditure	Total Operating Costs	27,197	27,491	28,254	28,731
	Surplus/(Deficit)		-299	-97	-349	-322

2.9.2 Performance Indicators

(\$000's, GST exclusive)

Financial Performance Indicators		Budget 2004/05	Forecast 2004/05	Budget 2005/06	Budget 2006/07	Budget 2007/08	Budget 2008/09
WORKING CAPITAL							
Net current assets	\$	4,485	5,373	5,178	5,231	5,032	4,810
Current ratio	:1	2.9	2.9	3.0	3.0	2.9	2.9
Average debtors outstanding	day	40	35	35	35	35	35
Average creditors outstanding	day	55	55	55	55	55	55
RESOURCE UTILISATION							
Physical assets:							
Physical assets at year end (NBV)	\$	1,864	2,336	2,186	2,036	1,886	1,786
Capital Expenditure	\$	1,000	560	800	800	800	800
Additions as % of physical assets	%	44%	22%	35%	38%	41%	44%
Physical assets as % of total assets	%	22%	22%	22%	21%	20%	19%
Taxpayers' Funds:							
Taxpayers' Funds at year end	\$	5,849	7,063	6,764	6,667	6,318	5,996
Taxpayers' Funds as % of total assets	%	67%	67%	68%	68%	66%	65%

2.9.3 Projected Financial Statements

(\$000's, GST exclusive)

Statement of Financial Performance	Budget 2004/05	Forecast 2004/05	Budget 2005/06	Budget 2006/07	Budget 2007/08	Budget 2008/09
Revenue						
Levies	19,891	19,915	20,532	21,104	21,625	22,164
Fees and Charges	3,946	4,260	4,269	4,269	4,269	4,269
Crown	1,761	1,761	1,761	1,761	1,761	1,761
Interest	235	335	336	260	250	215
Inter-Group (NZRCC)		5				
Total Revenue	25,833	26,276	26,898	27,394	27,905	28,409
Expenses						
Personnel	15,920	15,507	17,229	17,714	18,213	18,666
Travel	1,938	2,051	2,272	2,317	2,363	2,410
Safety Information Services	1,599	1,688	1,589	1,621	1,653	1,686
Information Technology	1,178	1,118	1,203	1,227	1,252	1,277
Other Operating	1,333	1,250	1,167	1,240	1,393	1,421
Depreciation	1,000	890	950	950	950	900
Rental & Leasing	883	956	924	942	961	980
Consultants & Professionals	780	957	866	803	800	750
Capital Charge	441	421	565	541	533	505
Special Projects	300	200	298			
Authority Member Fees	104	104	104	104	104	104
Audit	18	31	30	32	32	32
Total Output Expenses	25,494	25,173	27,197	27,491	28,254	28,731
Net Surplus/(Deficit) for distribution	339	1,103	-299	-97	-349	-322

Statement of Projected Movement in Equity	Budget 2004/05	Forecast 2004/05	Budget 2005/06	Budget 2006/07	Budget 2007/08	Budget 2008/09
Net Operating Surplus	339	1,103	-299	-97	-349	-322
Revaluation Reserve						
Total recognised this year	339	1,103	-299	-97	-349	-322
Less: Provision to pay Surplus						
Movement for the year	339	1,103	-299	-97	-349	-322
Equity at start of the year	5,510	5,960	7,063	6,764	6,667	6,318
Equity at end of the year	5,849	7,063	6,764	6,667	6,318	5,996

Statement of Projected Financial Position	Budget 2004/05	Forecast 2004/05	Budget 2005/06	Budget 2006/07	Budget 2007/08	Budget 2008/09
Closing Equity	5,849	7,063	6,764	6,667	6,318	5,996
ASSETS						
Cash and bank balances	4,348	5,966	5,229	5,227	4,978	4,704
Debtors and Receivables and Advances	2,255	1,818	2,147	2,202	2,252	2,304
Prepayments	2		2	2	2	2
Work in Progress	200	370	400	400	400	400
Debtor - Crown						
Total Current Assets	6,805	8,154	7,778	7,831	7,632	7,410
Non-Current assets						
Physical Assets	1,864	2,336	2,186	2,036	1,886	1,786
Total Assets	8,669	10,490	9,964	9,867	9,518	9,196
Liabilities						
Creditors and payables	1,220	2,028	1,600	1,600	1,600	1,600
Capital charge payable						
Provision to repay Surplus						
Other short term liabilities	1,100	753	1,000	1,000	1,000	1,000
Total Current Liabilities	2,320	2,781	2,600	2,600	2,600	2,600
Long term liabilities	500	646	600	600	600	600
Total Liabilities	2,820	3,427	3,200	3,200	3,200	3,200
NET ASSETS	5,849	7,063	6,764	6,667	6,318	5,996

Statement of Projected Cash Flows	Budget 2004/05	Forecast 2004/05	Budget 2005/06	Budget 2006/07	Budget 2007/08	Budget 2008/09
Cash flows from Operating Activities						
Cash provided from						
supply of outputs - to Crown	1,761	1,761	1,761	1,761	1,761	1,761
Third Party - to Ministry	1,418	1,418	1,418	1,418	1,418	1,418
Third Party - to Other	2,528	2,767	2,819	2,851	2,851	2,851
Levy	19,882	20,129	20,203	21,049	21,575	22,112
interest	235	335	336	260	250	215
Cash disbursed to:						
cost of outputs - Employees	15,503	14,088	17,359	17,400	18,121	18,626
cost of outputs - Suppliers	8,550	9,963	8,550	8,600	8,650	8,700
payment of Capital Charge to the Crown	441	421	565	541	533	505
Net cash flows from Operating Activities	1,330	1,938	63	798	551	526
Cash flows from Investing Activities						
Cash provided from						
sale of fixed assets		2				
Cash disbursed to						
purchase of fixed assets	1,000	560	800	800	800	800
Net cash flows from Investing Activities	-1,000	-558	-800	-800	-800	-800
Cash flows from Financing Activities						
Cash provided from						
Capital Contribution from the Crown						
Cash disbursed to						
payment of Surplus to the Crown	596					
repayment of capital to the Crown						
payment of interest on finance leases						
Net cash flows from Financing Activities	-596					
Net Increase (Decrease) in cash held	-266	1,380	-737	-2	-249	-274
Opening Total Cash Balances	4,614	4,586	5,966	5,229	5,227	4,978
Closing Total Cash Balances	4,348	5,966	5,229	5,227	4,978	4,704

2.10 Financial notes

2.10.1 Statement of accounting policies

All financial statements prepared by the Authority will:

- comply with Part V of the Public Finance Act 1989, the Financial Reporting Act 1993 and the transitional provisions of the Crown Entities Act 2004; and
- be generally in accordance with the accounting policies set out in the “Statement of Standard Accounting Practices” and “Financial Reporting Standards” approved by the Accounting Review Standards Board and published by the Institute of Chartered Accountants of New Zealand.

The Authority’s accounting policies will be consistent with previous years and will be set out in the Authority’s Annual Report.

Where the Government wishes the Civil Aviation Authority to undertake activities or assume obligations (other than those activities falling under Output Class - Policy Advice) which will, or could, result in a reduction in the forecast operating surplus or net worth of the Civil Aviation Authority, the Authority will seek additional Crown funding sufficient to allow the CAA's financial position to be restored.

2.10.2 Payment by the Crown

The costs of Output Class – Policy Advice will be met by an annual appropriation on behalf of the Crown.

The cost of providing the Health and Safety in Employment component of Output Class – Safety Assessment and Certification will be met by an annual appropriation on behalf of the Crown. Payment will be by cash disbursement monthly in the month of supply

In the 2005/06 financial year, the Crown will pay the Authority \$1.761 million exclusive of GST (\$1.981 million inclusive of GST) to provide and perform the services, and carry out the functions required.

2.10.3 Funding sources

The Civil Aviation Authority currently receives its funding from three sources:

- Crown funding for activities under Output Class: Policy Advice - including policy advice to the Minister, and costs incurred in meeting those international civil aviation obligations undertaken by the CAA on behalf of the Minister and the Government of New Zealand.
- Crown funding for Health and Safety in Employment activities under Output Class: Safety Assessment and Certification undertaken by the CAA on behalf of the Minister and the Government of New Zealand.
- Fees and charges set under the Civil Aviation Charges Regulations (No. 2) 1991 to recover the costs of services provided to specific people and organisations, such as the issue of licences, certificates and approvals, and audits of approved organisations. This also includes the delivery of civil aviation rules development services to the Ministry of Transport. These are predominantly hourly charges, but fixed fees are charged for services such

as the issue and endorsement of personnel licensing documents and for aircraft registration.

- Civil Aviation Safety Levies were originally introduced from 1 July 1993 consists of:
 - a \$2.00 (including GST) levy per passenger - sector applying to domestic airline operators;
 - a \$1.00 (including GST) levy for departing international passengers applying to international airports to 30 September 2005 and then to international airline operators from 1 October 2005, and ;
 - an annual fee applicable to all other aircraft owners based on aircraft weight- i.e., a participation levy.

2.11 Statement of forecast service performance

(Including Statement of Impacts and Consequences)

2.11.1 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*

- The administration of New Zealand's participation in the International Civil Aviation Organisation (ICAO) and of New Zealand's compliance with the Chicago Convention and related Protocols, Annexes and Standards relating to aviation safety and security which have been ratified by New Zealand.
- The development and administration of bilateral aviation safety and security related agreements with the civil aviation safety regulatory authorities of other countries.
- The provision of advice to Government on all aspects of civil aviation safety and security.
- The development and review of civil aviation safety and security legislation.
- Ministerial servicing, including ministerial correspondence, Parliamentary Questions, and reports to the Minister.
- Supervising and acknowledging correspondence to and from the Chairperson and Members of the Authority.

B. *Rules Development*

Note that the Authority undertakes Rules Development services under contract to the Ministry of Transport.

Output Class Cost

The output cost will be delivered within the budgeted \$2.739 million (GST exclusive).

Intended Impacts and Consequences

The intended impacts and consequences of advice provided by the CAA to the government is to ensure that government policies and decisions are developed and implemented in an informed manner, and that the reasons for these policies and decisions are clear, by:

- keeping the Minister fully informed of the present state of the aviation community in terms of its safety and security levels and overall levels of operation, plus developments within the aviation community and the actual or potential impacts of those developments on aviation safety and security, and the transport sector, especially with regard to the NZTS;
- providing the Minister and other government agencies, particularly the Ministry of Transport, with advice to allow government policies affecting aviation safety and security to be developed within the transport sector in a collaborative and informed manner;
- keeping the Minister fully advised on the operation of the CAA and progress on the achievement of its statutory functions, including matters affecting or likely to affect operations or achievement of these functions; and
- enabling the Minister to answer correspondence and queries, including Parliamentary Questions, on matters relating to aviation safety and the operation of the CAA.

Wherever possible third party charging policies and methodologies developed and implemented by the CAA as part of this Output will be fully cognisant with the NZTS and in so doing:

- meet Audit New Zealand guidelines;
- be legally empowered;
- consider the most appropriate economic incidence;
- be fully consulted with the aviation community and related transport sectors; and
- fully fund those functions and services not funded or contracted by the Crown.

The intended impact and consequences of these polices and methodologies is an CAA which is adequately funded and resourced to carry out its functions and provide value for money at charging levels that do not adversely affect the CAA's role in aviation safety and security.

The intended impact and consequences to international obligations are to ensure that:

- the government's obligations in respect of international aviation agreements and protocols assigned to the CAA are developed and administered in a competent manner;
- international requirements relating to civil aviation safety and security are reflected in the New Zealand environment where applicable; and
- the potential for accidents or incidents is reduced by ensuring that a safe and secure interface is achieved between international and domestic aviation operations.

The intended impacts and consequences of the Rules Development services is to ensure the provision of rules development services to the Ministry of Transport is expected to contribute to the overall transport sector objectives as set out in the NZTS.

Output Class 1: POLICY ADVICE		
Output	Performance Measures 2005 - 2006	Performance Standards
Ministerial Servicing	<ol style="list-style-type: none"> 1. Draft responses to Ministerial correspondence. 2. Provide reports and briefings to the Minister. 3. Provide responses to Parliamentary Questions. 4. Provide reports and responses to Select Committees. 5. Percentage of draft replies to Ministerial correspondence forwarded to the MOT within 10 working days of receipt by CAA. 6. Draft responses to Ministerial correspondence and to Parliamentary questions accepted by the Minister's advisers. 7. Percentage of draft replies to Parliamentary questions supplied within the required time frame. 	<p>20-50*</p> <p>70 – 90*</p> <p>30 – 100*</p> <p>4 - 8*</p> <p>100%</p> <p>Min of 95%</p> <p>100%</p>
Policy Advice	<ol style="list-style-type: none"> 8. Completion of agreed programme set out in Annex A. 9. Provision of advice and comment on government policy initiatives that impact on the aviation community. 	<p>Completed by due dates.</p> <p>As required</p>
Legislation Development	<ol style="list-style-type: none"> 10. Provide support and advice on the development or amendment of civil aviation related legislation including (Refer Annex A); <ul style="list-style-type: none"> ➤ Civil Aviation Act; development ➤ Civil Aviation Charges regulations; amendments ➤ Civil Aviation Safety Levies Order; amendments 	<p>As required</p>
International Aviation & Safety Related Agreements	<ol style="list-style-type: none"> 11. Provide responses on behalf of New Zealand to ICAO State letters on aviation safety and security matters. 	<p>As required</p>

12. Review ICAO decisions notified to New Zealand, including amendments to Annexes, and file acceptances or differences as necessary.	10 – 15 assessments*
13. Provide aviation safety and security policy advice to Samoa, Niue, Tonga and the Cook Islands.	As required
14. Provide advice and representation in support of international agreements, projects, and other forums.	As required
15. Promote the development of technical arrangements and agreements with other aviation authorities where this will have demonstrable benefits for the New Zealand aviation system (Refer Annex A).	As required

Rules Development Services	<p>The Authority undertakes Rules Development services under separate contract to the Ministry of Transport. This includes:</p> <ul style="list-style-type: none"> (a) Reviewing international standards, aviation community petitions for rule amendment, and all existing legislation and rules relating to the regulation of New Zealand civil aviation safety and security including the evaluation of effectiveness and need. (b) Research and development of appropriate safety standards. (c) Publishing notices of intention to make or amend ordinary rules. (d) Giving interested parties a reasonable time to make submissions on the proposed rules or amendments. (e) Consulting with such persons as in each case are considered appropriate on the proposed rules or amendments. (f) Drafting and publishing rules and rule amendments required by the Minister. 	Refer to separate contract
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2.11.2 Output Class: Safety and Security Assessment and Certification

Description

This Output Class covers the following outputs and associated activities and services:

- Entry control - The exercise of control over entry into the New Zealand civil aviation system through the issue or amendment of aviation documents and approvals to organisations, individuals and products (see Section 7, Civil Aviation Act 1990 for a listing of these).
- Exit control - The exercise of control over exit from the civil aviation system through the amendment of aviation documents including the suspension, revocation or imposition of conditions on documents where such action is necessary in the interests of safety and security.
- The monitoring of adherence to safety and security standards by participants in the civil aviation system including the carrying out or requiring of inspections and audits.
- The identification and follow-up of corrective actions that need to be taken by participants and holders of aviation documents to ensure adherence to safety and security standards and compliance with the conditions of their documents.
- The updating of entry, exit and monitoring information in the CAA database, including maintenance of the New Zealand Register of Aircraft.
- The provision of information and advice to applicants for aviation documents and approvals, plus support and advice to participants to assist them achieve compliance with the Civil Aviation Rules.

- The maintenance of an effective Field Safety Advisor presence.
- The assessment of overseas information such as airworthiness directives and manufacturer's service information, and the taking of appropriate action.
- The development and review of New Zealand airworthiness directives.
- The assessment and approval of alternative means of compliance with airworthiness directives.
- Pursuant to the Act and rule making procedures, the assessment of petitions for and the granting of exemptions from requirements prescribed in the Civil Aviation Rules.
- The management of inspections and audits under the Health and Safety in Employment Act 1992.

Output Class Cost

The output cost will be delivered within the budgeted \$18.897 million (GST exclusive).

Impacts and consequences

The intended impacts and consequences of the activities under this output are to minimise the risk of accidents or incidents and their socio-economic effects, ensure continued compliance with civil aviation rules and standards, and improve overall performance within the context of the NZTS by ensuring:

- participants wishing to enter the civil aviation system comply with the required standards for the type of activities and operations concerned as set out in civil aviation legislation and rules, and are capable of continuing compliance;
- that when participants in the civil aviation system no longer meet the necessary standards or cease operations, they either retire voluntarily or be required to cease aviation activities for which they no longer meet the relevant standards;
- certificated organisations are required to re-qualify for continued operation within the system after a period of 5 years to ensure appropriate standards are continuing to be maintained;
- regular monitoring of all persons, certificated organisations and equipment that have been allowed entry into the civil aviation system and the recording of the resulting information;
- focus, where appropriate, on the management systems that control certificated organisations' day to day operations;
- the identification of instances and areas of non-compliance and safety risk through data analysis, requiring consequent corrective action to be taken, and checking that it has been taken;
- adjustment of surveillance methods, frequency and focus on the basis of data analysis to concentrate on problem areas or individuals;
- the Exemption process is expected to ensure that overall safety levels are maintained while any exemptions that may be granted are exercised. Information on the nature of exemptions requested and granted is expected to be used in the development and maintenance of civil aviation rules; and
- work in the Health and Safety in Employment area is expected to mitigate safety and health risks for personnel employed in the aviation community.

Output Class 2: SAFETY ASSESSMENT and CERTIFICATION		
Output	Performance Measures 2005 - 2006	Performance Standards
Airline Sector Safety	16. Routine audits and inspections.	4,000 hours
Risk Management	17. Spot checks.	200 hours*
	18. Special purpose audit.	100 hours*
	19. Percentage of scheduled audit and inspection modules completed by the due date set in the audit programme.	80%
	20. Airworthiness directives to be developed and published.	120 - 150*
	21. Airline Certification work requests.	200 - 500*
	22. Aircraft Certification work requests.	800 - 1,000*
	23. Aircraft Registration work requests.	1,200 - 2000*
General Aviation	24. Routine audits and inspections	3,066 hours
Sector Safety	25. Spot checks	2,320 hours*
Risk Management	26. Special purpose audit	100 hours*
	27. Percentage of scheduled audit and inspection modules completed by the due date set in the audit programme.	80%
	28. Operator Certification work requests	800 - 900*
Personnel Licensing & Aviation Services	29. Routine audits and inspections.	1,500 hours
	30. Spot checks.	200 hours*
Sector Safety	31. Special purpose audit.	20 hours*
Risk Management	32. Percentage of scheduled audit and inspection modules completed by the due date set in the audit programme.	80%
	33. Personnel Licensing work requests.	2,500 – 3,000
	34. Process requests for Accredited Medical Conclusions.	80% within 5 days
	35. Release General Directions for consultation.	4
	36. Petitions for rule exemptions processed – all sectors.	100-120*
Aviation Community Health and Safety in Employment	37. Respond to HSE concerns, enquires and complaints within 5 working days.	100%
	38. Respond to accidents within 2 working days.	80%
	39. HSE inspections of selected clients	60
	40. Provision of information and education to clients and stakeholders.	25

* Demand driven or reactive

2.11.3 Output Class: Safety Analysis and Information

Description

This Output Class covers the following outputs and activities:

- The investigation of civil aviation safety and security occurrences, received by way of occurrence information and complaints, and to identify causal factors.
- The publishing of feedback information to industry in the form of accident briefs, defect summaries, and accident and incident trends.
- The investigation and review of civil aviation accidents and incidents in accordance with the Authority's capacity as the responsible aviation safety authority (subject to the limitations set out in section 14(3) of the Transport Accident Investigation Commission Act 1990).

- 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.
- Responses to safety and security recommendations made by the Transport Accident Investigation Commission and Coroner's inquests, and taking appropriate actions, tracking and reporting progress on a quarterly basis.
- Advice on the safety and security performance of the civil aviation system.
- The assessment of overseas information, aircraft reliability data and flight operations information, and taking appropriate action.
- The establishment of safety planning to clearly describe the CAA's intended safety and security actions focus and priorities.
- The promotion of safety and security by providing safety and security education information and advice, and fostering safety and security programmes, including public awareness concerning the transport of dangerous goods by air.
- The provision and maintenance of an Internet Web Site.
- The provision of information for the New Zealand Aeronautical Information Service.

Output Class Cost

The output cost will be delivered within the budgeted \$4.716 million (GST exclusive).

Impacts and consequences

It is expected that work on investigations into specific accidents and incidents will ensure associated safety and security issues are quickly identified and remedied.

Work on the analysis of data on accident, injury and incident, trends, causal factors, aviation community safety and security levels and the results of the CAA's monitoring activities is intended to minimize the future risk of accidents or incidents and maximize compliance with civil aviation rules. The work will identify whether:

- a greater focus is needed on the management systems that control certificated organisations' day to day operations;
- civil aviation policies, rules and standards be adjusted where data on trends, risk and causal factors indicate that this is necessary or desirable;
- entry control and/or monitoring activities be adjusted to concentrate on problem areas or sectors, or be relaxed where appropriate;
- safety information and education be targeted on defined issues or problem sectors;
- surveillance and enforcement activities be targeted; and
- special safety programmes or research be initiated.

The intended impacts and consequences of the information services and educational programmes to be provided under this output are to reduce risk of accidents and incidents and increase compliance with the Civil Aviation Rules by:

- increasing aviation community knowledge and understanding of civil aviation safety;
- encouraging voluntary compliance with aviation safety standards and requirements through sound knowledge of the relevant legislation and rules, and their purpose;

- targeting issues and sectors indicated as problems from the results of the CAA’s monitoring activities, accident and incident trends, risk and causal factors, and enforcement activities;
- encouraging compliance by publicising significant enforcement actions; and
- assisting the public and persons within the aviation community and wider transport sector to make informed choices.

Output Class 3: SAFETY ANALYSIS and INFORMATION		
Output	Performance Measures 2005 - 2006	Performance Standards
Safety Investigation	41. Number of investigations carried out.	1,700 – 2,200*
	42. Number of investigations closed that meet the specified accuracy and completeness requirements in CAA procedures.	90%
	Percentage of all investigations of occurrences completed:	
	43. within 6 months of registration,	70%
	44. within 12 months of registration, and	90%
	45. within 2 years of registration.	100%
Safety Analysis	46. Number of Aviation Safety summary reports.	4 quarterly reports
Safety Education & Information	47. Number of Vector Periodicals.	Minimum of 6
	48. Number of CAA Safety Videos.	2
	49. Number of Safety Seminars.	Minimum of 10

* Demand driven or reactive

2.11.4 Output Class: Enforcement

Description

This output covers the taking of appropriate follow-up action in the public interest, including:

- the recording of public complaints of alleged or suspected offences,
- the investigation of all such allegations and any others as may be referred from other CAA Units, and
- the taking of appropriate action; such as the issue of a warning letter, the issue of an infringement offence notice, or the laying of information for a summary offence.

Output Class Cost

The output cost will be delivered within the budgeted \$0.845 million (GST exclusive).

Impacts and consequences

The Authority's enforcement policy recognises that preventative action to minimise the risk of accidents and incidents plus voluntary compliance with civil aviation rules and standards are a better means of achieving aviation safety and security than retroactive punitive action. This mirrors the proactive intent of the NZTS and the New Zealand Accident Prevention Strategy.

The Authority's primary concern is not to secure prosecutions but to promote a high standard of aviation safety. However, where voluntary compliance is not forthcoming and/or other forms of corrective action do not produce a return to compliance or are not appropriate, enforcement action may be necessary in the public interest.

The intended impacts and consequences of the Authority's enforcement activities are to:

- encourage respect for both civil aviation legislation and rules, and the system by which these are administered;

- ensure fair and consistent treatment of all participants in the civil aviation system by not allowing offenders to get away with non-compliance; and
- deter future incidents of non-compliance.

Output Class 4: ENFORCEMENT		
Output	Performance Measures 2005 - 2006	Performance Standards
Enforcement	50. Number of alleged offences reported/recorded.	200 – 240*
	51. Number of detailed investigations undertaken.	130 - 160*
	Percentage of detailed investigations completed in the period:	
	52. within 6 months of commencement, and	90%
	53. within 12 months of commencement.	100%

ANNEX A - Policy and International Work Programme

Set out below are the policy and international projects identified for 2005/2006, in addition to routine policy and international advice, and legislation development activity (separately identified):

Performance Measures 2005 - 2006		
Output	Description	Target
8.	Policy Advice	
8.1	Safety Management Systems Policy. A review of the provisions of the Civil Aviation Act and Rules in relation to requirements for operator safety management systems to ensure these reflect current best practice.	<i>30 Jun 06</i>
8.2	Airspace Policy (Phase 2). On going work in relation to the Airspace review begun in 2000.	<i>30 Jun 06</i>
8.3	ICAO Obligations Policy (Phase 2). Review of arrangements and responsibilities for the discharge of New Zealand's obligations under the Chicago Convention.	<i>30 Jun 06</i>
8.4	Policy input to rules programme 2005/2006.	<i>30 Jun 06</i>
8.5	Develop NZTS implementation framework for the aviation sector.	<i>30 Jun 06</i>
10.	Legislation Development	
10.1	Civil Aviation Act: <ul style="list-style-type: none"> ▪ Drugs and Alcohol Policy; and ▪ Just Culture Policy. 	<i>30 Jun 06</i>
10.2	Civil Aviation Charges regulations: <ul style="list-style-type: none"> ▪ Policy issues concerning Aviation Services Ltd application to increase its charges. 	<i>30 Jun 06</i>
12.	ICAO Obligations	
12.1	Preparation for ICAO safety oversight audit 07-16 March 2006.	<i>17 Mar 06</i>
15.	International Safety Agreements	
15.1	USA: Bilateral Aviation Safety Agreement (BASA) / Maintenance Implementation Plan (MIP).	<i>On going</i>
15.2	Canada: Technical arrangement.	<i>On going</i>
15.3	Australia: Mutual Recognition project covering the acceptance of airline Air Operator Certificates.	<i>On going</i>
15.4	Europe: Mutual recognition agreement/technical arrangement (design and production approvals).	<i>On going</i>

3. Aviation Security Service

3.1 Introduction

The Aviation Security Service will continue with implementation of the three-year Strategic Plan for the period 2005 –2008. There are six strategic goals aimed at enhancing the operational capability of the organisation and the management of New Zealand aviation security risks.

The most significant of these changes is the ICAO mandated introduction of Hold Baggage Screening for all international services from 1 January 2006. This significant project has had and will continue to have a major impact on the organisation.

A key goal in the 2005-08 Strategic Plan involves a review of Avsec key Human Resource Management (HRM) strategies, including recruitment, performance management and career and succession planning. In recent years Avsec has experienced a higher than normal turnover, particularly in Auckland and it is important to ensure that its HRM policies continue to apply best practice and help reduce staff turnover.

To further aid recruitment and retention a comprehensive package of measures negotiated with the three staff unions in early 2005 is to apply from 1 July 2005. This package involves substantial increases to officer and sergeant remuneration.

Avsec will continue with implementation of its Health and Safety Strategy Statement developed in 2004 following a comprehensive review of health and safety policies. The focus of the Strategy Statement is on effectively managing Avsec's health and safety risks through full alignment of relevant strategies with the Avsec operation. Over the period of the SOI Avsec will explore with ACC and its staff unions the potential for joining ACC's partnership programme.

In 2004/05 Avsec commenced work with the Ministry of Transport and other transport sector agencies on implementation of the approved recommendations of the Transport Sector Review. This has involved the agencies working to better align their strategic planning processes and on achieving compliance with the NZ Transport Strategy 2002. This activity will continue throughout the term of the SOI.

The Government has agreed to adopt International Maritime Organisation requirements for enhancing maritime security, which came into effect in New Zealand on 1 July 2004. The organisation has been appointed a Maritime Security Organisation, along with Customs and MAF.

The Aviation Security Service will continue to play an increasingly active role in assisting the development of aviation security in the Pacific. Our Pacific Policy ensures our focus remains on assisting those countries that have direct air links with New Zealand – Samoa, Tonga, Vanuatu, Niue, the Cook Islands and Tonga.

The 2004 independent review of the organisation came up with eighty-plus recommendations on how we might improve our business. Most of these recommendations were underway or implemented before completion of the review. The remainder, where accepted, will be implemented over the next two years.

3.2 Our vision

The Aviation Security Service will be a recognised leader in the provision of aviation security expertise, with the capability to provide specialist security services to governments.

3.3 Our mission

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

3.4 Our values

We believe and take pride in what we are doing.

3.5 Our strategic goals

1. Avsec Quality

Avsec delivers best practice, world standard aviation security

2. Avsec Strategic Staffing

Avsec attracts, identifies and retains capable people

3. Avsec Risk Management

Effective, consistent and coordinated risk management frameworks are in place across Avsec.

4. Avsec Stakeholder Relationships

Avsec works cooperatively with its partners.

5. Avsec Communication

Avsec implements communications systems that support its strategic goals.

6. Application of New Zealand Transport Strategy

Avsec's contribution to the New Zealand Transport Strategy enhances the services that it delivers.

3.6 Our intermediate goals

Avsec Quality

- Avsec's quality framework is in place and working effectively, strategically and operationally
- Avsec's quality and training strategies are well aligned with its operation.
- Avsec has in place a measurable and relevant benchmarking system that assists it in delivering a quality service.

Avsec Strategic Staffing

- Avsec has appropriate skilled, trained and satisfied staff in the right place at the right time

- Avsec has an effective strategic human resource planning process
- Avsec's human resource management policies support and facilitate its future development

Avsec Risk Management

- Avsec has risk management strategies in place (operational, legislative and personnel) and anticipates and mitigates risks before they occur

Avsec Stakeholder Relationships

- Avsec's consultative structures work effectively whereby it anticipates issues and change by working with its stakeholders at a strategic and operational level

Avsec Communication

- Avsec works within an effective, pro active communications and marketing strategy that is structured and focused domestically and internationally

Application of New Zealand Transport Strategy

- Avsec demonstrates to key stakeholders that its New Zealand Transport Strategy focus enhances the management of aviation security risks

3.7 Statement of forecast service performance

3.7.1 Output Class: Aviation security services

Description

The provision of aviation security services for international and domestic air operations.

Avsec's commitment

All departing international passengers and baggage will be screened at all international airports in New Zealand to the standards laid down in the relevant legislation, regulations or rules as may be determined from time to time.

All departing domestic passengers and baggage will be screened at airports within New Zealand where the passenger and baggage is travelling on aircraft with seats for 90 or more regular air passengers, to the standards laid down in the relevant legislation, regulations or rules as may be determined from time to time.

The above screening process will ensure that no unlawful interference takes place inflight while at the same time creating no flight delays or passenger complaints. Note any complaints received will be handled in accordance with the Service's procedures.

The provision of 24-hour perimeter patrols at security designated aerodromes together with aircraft guards and searches will result in the prompt interception of persons unlawfully in security areas and an increased safety for the flying public.

By delegated authority from the Director of Civil Aviation, the Aviation Security Service will background check all applicants for permanent Airport Identity Cards.

Avsec will keep the Minister informed of aviation security developments and issues within the scope of its operations.

Questions put to the Minister by individuals and complaints raised through the government system and referred to the Aviation Security Service will be openly and fully answered.

The expected consequence of the above will be the improved safety of aviation and the elimination of unlawful in-flight occurrences.

3.7.2 Outcome measures

Avsec has three high-level safety and security Outcome measures;

- Inflight security incidents
- Airside security incidents
- Dangerous goods introduced into aircraft

1. Inflight Security Incidents

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

Measure: Number of inflight security incidents.

2. Airside Security Incidents

Target: To achieve a nil rate of airside 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

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.

3.7.3 Output measures

The following table sets out Avsec's output performance expectations:

Output Class 1: AVIATION SECURITY SERVICES		
Output	Performance Measures 2005 - 2006	Forecasts / targets
Passenger and hold baggage screening	1. Forecast international passenger numbers.	4,425,000 (+ or – 3%)
	2. Forecast domestic passenger numbers.	4,970,000 (+ or – 3%)
	3. Number of corrective requests issued by auditors.	100% compliance with the National Aviation Security Programme as audited.
	4. Percentage of test objects detected in hand luggage. (NB: This measure will change during 2005/06 as Avsec develops a more accurate statistical reporting framework; results will generally be under 100%)	100% detection rate in recurrent testing programme.
	5. Percentage of international hold baggage screened from 01/01/06. (NB: Date of introduction of international standard)	100%
	6. Number of unauthorised or prohibited items discovered post screening points.	Nil
	7. Average passenger wait times at international departure screening points. (NB: To be tested 6 monthly at Auckland and Christchurch international airports; also note that airport infrastructure can have a direct impact on wait times)	No more than 2 minutes.
	8. Percentage of Aviation Security Officers trained in key aviation security functions (eg searching, wandng, x-ray proficiency).	100%
	9. Percentage of Aviation Security Officers covertly tested every 150 working days against key aviation security functions (eg searching, wandng, x-ray proficiency).	100%
	10. Number of complaints against Aviation Security Officers.	No more than one formal complaint per 250,000 passengers.
	11. Number of flight delays attributable to screening activities. (NB: Due to an Avsec system failure)	Nil
Aircraft search	12. Forecast number of aircraft searched.	2150 (+ or – 5%)
	13. Number of Corrective Action Requests issued by auditors.	100% compliance with the National Aviation Security Programme.
	14. Percentage of test objects detected in aircraft search. (NB: Results will generally be under 100%)	100% detection rate in recurrent testing programme.
	15. Number of complaints.	No more than five airline complaints per annum.
	16. Number of flight delays attributable to search activities.	Nil

Patrols	17. Number of patrol hours.	98,000 hours
	18. Number of incidents attended.	2,680
	19. Percentage of incidents attended within three minutes of coming to notice.	100%
Access Control	20. Forecast number of Airport identity cards issued:	
	(a) Permanent: 7,500	7,500 (+ or -5%)
	(b) Temporary: 42,000	42,000 (+ or -5%)
	21. Number of incidents of unauthorised access (as defined in Aviation Crimes Act).	Nil
	22. Percentage compliance by Airport Identify Cardholders with Civil Aviation Rule (19.357).	100%
	23. Percentage of checked Airport Identity Cards replaced by expiry date.	95%
Promotion of Security	24. Number of training courses for staff of other agencies at airports.	68
Awareness Within Airport	25. Level of customer satisfaction.	Needs of customer met based on course evaluations
	26. Percentage of training requests responded to within one week.	100%

Output Class 2: MARITIME SECURITY SERVICES		
Output	Performance Measures 2005 - 2006	Forecasts / targets
Maritime Security	27. Avsec responds within 4 hours to any request from the Minister of Transport or the Director of Maritime Safety to a Level Two threat situation at the Port of Auckland affecting cruise ships or their passengers.	100%

3.8 Managing organisational risks

3.8.1 Financial

The Aviation Security Service will continue to be exposed to the financial risks associated with funding being linked to passenger traffic. The organisation, however, will continue to maintain a financial structure commensurate with the financial risk. Passenger and revenue trends will continue to be closely monitored and adjustments to resources will be made where appropriate to reflect and downward trend in revenue.

3.8.2 Legal Compliance

Avsec works to a wide and complex range of legislation, both primary, regulatory and rules. Avsec is developing and will implement a robust programme for legislative compliance monitoring to ensure that all legal commitments are met and managed.

3.8.3 Personnel

Avsec has more than doubled in size in the less than four years since September 11, 2001. This has placed considerable strain on our recruiting and training resource. In addition we are recruiting in an environment where there is competition for people with similar skill sets to those we require. Avsec will continue to focus on being an employer of choice, particularly in the Auckland area.

Changes have been agreed to the regional structures and implementation is underway. These changes are intended to better equip Avsec to meet current and future operational demands, particularly following the implementation of 100% hold baggage screening from 1 January 2006.

The National Office structure has been recently reviewed, resulting in additional positions. However, there are likely to be additional changes during the term of the SOI. For an organisation of Avsec's size the National Office structure is still very modest.

Avsec also has a review of its training/quality infrastructure scheduled for mid 2005. The large increase in staff numbers post 2001 and changes to the training programme has put additional demand on training resources in the regions. The current combination of training and quality functions at the regional level has also been under strain and this mix of functions will also be reviewed.

The introduction of a new human resource management information system is under way; combining what is currently separate payroll, rostering, leave management and human resource management systems into one system. This change will significantly improve the efficiency of the current systems and provide management with a very effective information tool. Implementation of the HRMIS is scheduled to be completed in late 2005.

3.9 Financial expectations

3.9.1 Output costs and revenue

(\$000, GST Exclusive)

Output Class Class: Aviation Security Services	Budget 2004/05	Est. Actual 2004/05	Budget 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Revenue						
Crown	4,608	98	-	-	-	-
Third Party	30,427	31,517	46,075	51,743	52,821	53,328
Total Revenue	35,035	31,615	46,075	51,743	52,821	53,328
Expenses	35,025	35,045	47,640	49,243	51,116	52,481
Surplus/(Deficit)	10	3,430)	(1,565)	2,500	1,705	847

Output Class Class: Maritime Security Services	Budget 2004/05	Est. Actual 2004/05	Budget 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Revenue						
Crown	-	145	145	145	145	145
Third Party	-	-	-	-	-	-
Total Revenue	-	145	145	145	145	145
Expenses	-	145	145	145	145	145
Surplus/(Deficit)	-	-	-	-	-	-

3.9.2 Performance Indicators

(\$000, GST Exclusive)

Performance Indicators As at 30 June 2005		Budget 2004/05	Est. Actual 2004/05	Ind. Budget 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Net Working Capital	\$	6,140	7,761	10,296	11,895	12,200	12,148
Current Ratio	: 1	3.46	3.35	3.84	4.17	4.17	4.08
Average age of Debtors	Day	28	29	28	28	28	28
Average Age of Creditors	Day	40	49	40	40	40	40
Capital Expenditure	\$	27,281	10,059	10,321	5,832	6,508	6,108
Capital Injections	\$	25,000	15,252	10,000	0	0	0
Capital Withdrawals	\$	259	759		0	0	0

3.9.3 Projected Financial Statements

(\$000, GST Exclusive)

Statement of Financial Performance	Budget 2004/05	Est. Actual 2004/05	Budget 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
REVENUE						
International Passenger	13,980	14,827	27,899	33,018	33,957	34,297
Domestic Passenger	13,660	12,174	14,997	16,305	16,714	16,881
Crown Funding	4,608	243	145	145	145	145
Fees and Charges	2,582	3,476	2,809	2,070	1,800	1,800
Interest	180	865	200	180	180	180
Gain/(Loss) on Assets	25	30	25	25	25	25
Total Revenue	35,035	31,615	46,075	51,743	52,821	53,328
EXPENDITURE						
Personnel	23,544	26,858	35,000	35,948	37,389	38,511
Other Operating	6,089	5,534	6,739	6,883	7,139	7,282
Depreciation	3,967	1,574	4,321	4,832	5,008	5,108
Capital Charge	1,425	1,079	1,580	1,580	1,580	1,580
Total Expenditure	35,025	35,045	47,640	49,243	51,116	52,481
NET SURPLUS/(DEFICIT)	10	(3,430)	(1,565)	2,500	1,705	847

Statement of Projected Movement in Equity	Budget 2004/05	Est. Actual 2004/05	Budget 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Net Operating Surplus/(Deficit)	10	(3,430)	(1,565)	2,500	1,705	847
Revaluation Reserve						
Capital Contributions	25,000	15,252	10,000			
Total recognised this year	25,010	11,822	8,435	2,500	1,705	847
Less: Capital Repayments	(259)	(759)				
Movement for the year	24,751	11,063	8,435	2,500	1,705	847
Equity at start of the year	8,368	8,493	19,556	27,991	30,491	32,196
Equity at end of the year	33,119	19,556	27,991	30,491	32,196	33,043

Statement of Projected Financial Position	Budget 2004/05	Forecast 2004/05	Budget 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
TAXPAYERS FUNDS (Equity)	33,119	19,556	27,991	30,491	32,196	33,043
ASSETS						
Current Assets						
Cash and Bank	5,540	8,201	10,906	12,520	12,830	12,843
Prepayments and Inventory	600	100	120	125	130	135
Debtors	2,500	2,760	2,900	3,000	3,090	3,120
Total Current Assets	8,640	11,061	13,926	15,645	16,050	16,098
Non-Current Assets						
Physical assets	28,079	13,195	19,195	20,196	21,696	22,695
Total Assets	36,719	24,256	33,121	35,841	37,746	38,793
Liabilities						
Current Liabilities						
Creditors and Payables	700	1,000	1,030	1,050	1,070	1,090
Employee Entitlements	1,800	2,300	2,600	2,700	2,780	2,860
Total Current Liabilities	2,500	3,300	3,630	3,750	3,850	3,950
Non-Current Liabilities						
Employee Liabilities	1,100	1,400	1,500	1,600	1,700	1,800
Total Liabilities	3,600	4,700	5,130	5,350	5,550	5,750
NET ASSETS	33,119	19,556	27,991	30,491	32,196	33,043

Statement of Projected Cash Flows	Budget 2004/05	Forecast 2004/05	Budget 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Cash Flow from Operating Activities						
Cash was provided from:						
Crown	4,608	243	145	145	145	145
Other	31,562	31,849	45,765	51,473	52,561	53,128
	36,170	32,092	45,910	51,618	52,706	53,273
Cash was applied to:						
Payment to Suppliers	8,165	6,062	6,729	6,868	7,124	7,266
Payment to Employees	23,040	25,729	34,600	35,749	37,209	38,330
Payment of Capital Charge to Crown	1,425	1,079	1,580	1,580	1,580	1,580
	32,630	32,870	42,909	44,197	45,913	47,176
Net Cash Flow from Operating Activities	3,540	(778)	3,001	7,421	6,793	6,097
Cash Flow from Investing Activities						
Cash was provided from:						
Sale of Fixed Assets	75	80	25	25	25	25
Cash was applied to:						
Purchase of Fixed Assets	27,281	10,059	10,321	5,832	6,508	6,108
Net Cash Flow from Investing Activities	(27,20)	(9,979)	(10,296)	(5,807)	(6,483)	(6,083)
Cash Flow from Financing Activities						
Cash was provided from:						
Capital Contribution from the Crown	25,000	15,252	10,000			
Cash was applied to:						
Payment of Surplus to the Crown						
Re-Payment of Capital to the Crown	259	759				
	24,741	14,493				
Net Cash Flow from Investing Activities	(2,465)	4,514	(296)	(5,807)	(6,483)	(6,083)
Net Increase/(Decrease) in Cash	1,075	3,736	2,705	1,614	310	13
Opening Total Cash Balances	4,465	4,465	8,201	10,906	12,520	12,830
Closing Total Cash Balances	5,540	8,201	10,906	12,520	12,830	12,843

3.10 Financial notes

In developing the preceding forecast financial statements, the following points are noted:

- That additional Crown funding may be provided during 2005/06 from the Pacific Security Fund, subject to Ministerial approval for Avsec's proposed initiatives in the Pacific Islands.
- Passenger Screening Levies: a review of the current levy levels (\$4.00 for international and \$2.80 for domestic) is currently underway. While this work is currently in progress the budget has assumed that they will be adjusted from 1 October 2005 to meet the anticipated costs of providing these services (International \$8.31 and the Domestic \$3.57). If not in place by 1 October 2005, the monthly impact will be to reduce income by an average of \$1.254m.

3.10.1 Statement of accounting policies

All financial statements prepared by the Authority will:

- comply with Part V of the Public Finance Act 1989 and the Financial Reporting Act 1993 and the transitional provisions of the Crown Entities Act 2004; and
- be generally in accordance with the accounting policies set out in the "Statement of Standard Accounting Practices" and "Financial Reporting Standards" approved by the Accounting Review Standards Board and published by the Institute of Chartered Accountants of New Zealand.
- The Authority's accounting policies will be consistent with previous years and will be set out in the Authority's Annual Report.
- Where the Government wishes the Aviation Security Service to undertake activities or assume obligations (other than those activities falling under Output Class – Aviation Security) which will, or could, result in a reduction in the forecast operating surplus or net worth of the Service, the Authority will seek additional Crown funding sufficient to allow the Service's financial position to be restored.

3.10.2 Payment By the Crown

The costs of Output Class – Maritime Security Services will be met by an annual appropriation on behalf of the Crown.

In the 2005/06 financial year, the Crown will pay the Service \$0.145m million exclusive of GST (\$0.163m inclusive of GST) to provide and carry out the functions required.

3.10.3 Payment of Any Surplus to the Crown

Where an incidental surplus results from the receipt of third party revenue it is to be retained and used to meet the future costs of the service(s) from which the surplus has been generated.

The Authority is specifically excluded from returning surpluses to the Crown under s.165 of the Crown Entities Act 2004.

3.10.4 Funding Sources

The Aviation Security Service currently receives its funding from three sources:

- Passenger security levies which consist of:
 - a levy on international airports of \$4.00 (including GST) per departing international passenger. An amendment to the Civil Aviation Charges Regulations 1991 (no.2) is currently being processed to change the fee to \$8.31 (including GST) per departing passenger and to alter the obligation for payment to airlines both with effect from 1 October 2005;
 - a \$2.80 (including GST) levy per passenger - sector on aircraft of 90 plus seats applying to domestic operators. This levy is to be changed to \$3.57 (including GST) with effect from 1 October 2005.
- Fees and charges to recover the costs of services provided to specific organisations, such as the provision of additional aviation security services and the issue of ID cards.
- Crown funding for Maritime Security to provide a passenger screening capability at the Port of Auckland at a level two security status.

3.10.5 Funding and Capital Issues

While the majority of Avsec's funding is linked to each departing international and domestic passenger, there is no ability for the Avsec to quickly vary the amount of the Levy or rapidly amend its operations to suit changing income conditions. This risk is managed to the extent possible by having sufficient cash reserves to meet any negative short term alteration to income streams. This reserve is currently set at \$5m.

Appendix 1 - Functions of the Group

A1.1 Authority - Functions

Section 72B of the Civil Aviation Act 1990 requires the Authority to:

- (a) Promote civil aviation safety and security in New Zealand;
- (b) Promote civil aviation safety and security beyond New Zealand in accordance with New Zealand's international obligations;
- (c) Establish and continue a service to be called the Aviation Security Service;
- (d) Investigate and review civil aviation accidents and incidents in its capacity as the responsible safety and security authority, subject to the limitations set out in section 14(3) of the Transport Accident Investigation Commission Act 1990;
- (e) Notify the Transport Accident Investigation Commission in accordance with section 27 of this Act of accidents and incidents notified to the Authority;
- (f) Maintain and preserve records and documents relating to activities within the civil aviation system, and in particular to maintain the New Zealand Register of Aircraft and the Civil Aviation Registry;
- (g) Ensure the collection, publication, and provision of charts and aeronautical information, and to enter into arrangements with any other person or organisation to collect, publish, and distribute such charts and information;
- (h) Provide to the Minister such information and advice as the Minister may from time to time require;
- (i) Co-operate with, or to provide advice and assistance to, any government agency or local government agency when requested to do so by the Minister, but only if the Minister and the Authority are satisfied that the performance of the functions and duties of the Authority will not be compromised;
- (j) Provide information and advice with respect to civil aviation, and to foster appropriate information education programmes with respect to civil aviation, that promote its objective; and
- (k) To enter into technical or operational arrangements, or both, with civil aviation authorities of other countries.

The Authority carries out these functions either through its own actions or through delegation to either or both of the Director of Civil Aviation and the General Manager of the Aviations Security Service.

A1.2 Director of Civil Aviation - Functions

Section 72I of the Civil Aviation Act 1990 requires the Director of Civil Aviation to:

- (a) Exercise control over entry into the civil aviation system through the granting of aviation documents under the Act;
- (b) 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 this Act, including the carrying out or requiring of inspections and monitoring;
- (c) Monitor adherence, within the civil aviation system, to any regulatory requirements relating;
 - (i) safety and security, including (but not limited to) personal security;
 - (ii) access and mobility;
 - (iii) public health;
 - (iv) environmental sustainability;

- (v) any other matter;
- (d) Ensure regular reviews of the civil aviation system to promote the improvement and development of its safety and security; and

The Director may enter into arrangements with CASA for the purpose of giving effect to the ANZA mutual recognition agreements.

Where the Director believes on reasonable grounds that either an unsafe condition exists in any aircraft or aeronautical product or that such a condition is likely to exist or develop in any other aircraft or aeronautical products of the same design, the Director may, by notice in writing, issue an airworthiness directive in respect of aircraft or aeronautical products, as the case may be, of that design.

In performing or exercising any functions or powers in relation to:

- (a) the granting of aviation documents; or
- (b) the issue, suspension, or revocation of medical certificates; or
- (c) the suspension of aviation documents; or
- (d) the revocation of aviation documents; or
- (e) the granting of exemptions; or
- (f) the enforcement of the provisions of this Act or any other Act, or of rules or regulations made under any such Act, and
- (g) in respect of any particular case, the Director shall act independently and shall not be responsible to the Minister or the Authority for the performance or exercise of such functions or powers.

Amendments to the Health and Safety in Employment Act 1992 resulted in the CAA becoming a designated agency to administer its provisions for the aviation sector, specifically for aircraft while in operation. The CAA has established an Occupational Safety and Health Unit to enable it to properly carry out the necessary regulatory functions.

A1.3 General Manager of Aviation Security – Functions

The Aviation Security Service 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 and rules as may be determined from time to time;
- screening all departing domestic passengers and baggage travelling on aircraft with a capacity for 90 or more regular air passengers;
- providing such other aviation security services and screening, such as screening of hold baggage, as is judged advisable by the Director of Civil Aviation from time to time;
- undertaking searches, where necessary, of passengers, baggage, cargo, aircraft, aerodromes, and navigation installations;
- carrying out patrols at security designated aerodromes and navigation installations;
- reviewing, inquiring into, and keeping itself informed on security techniques, systems, devices, practices, and procedures related to the protection of civil aviation and persons employed in or using it;
- undertaking, encouraging or supervising such experimental or research work in respect of any aspect of aviation security as the Director of Civil Aviation may specify;
- co-operating with the Police, Government departments, airport authorities, operators, and authorities administering the airport security services of other

countries, and with any appropriate international organisation for the purpose of better carrying out the Service's functions;

- providing security support services to the police when requested by the Commissioner of Police, subject to certain conditions;
- cooperating with or providing advice and assistance to government or local government agencies when requested by the Minister; and
- exercising and performing such other functions and duties as may be conferred on it by any enactment.

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

- provides aviation security services as required by the aviation industry including aircraft guards, aircraft searches and passenger protection;
- issues, on behalf of the Director of Civil Aviation, official Airport Identity Cards utilising the National Airport Identity Card database;
- provides advice on aviation security activities to the Government and the aviation industry, including draft replies to Ministerial correspondence related to the Service; and
- performing the duties of a Maritime Security Organisation.

Appendix 2 - Statement of intent obligations

This Statement of Intent has been prepared to meet the requirements of **Section 41D of Part V of the Public Finance Act 1989**, which requires this Statement to include:

- (a) The objectives of the Crown Entity;
- (b) The nature and scope of the activities to be undertaken;
- (c) The performance targets and other measures by which performance may be judged relative to the objectives;
- (d) A statement of accounting policies;
- (e) A statement of output objectives specifying the classes of outputs to be produced;
- (f) Any activities (other than related to output classes) for which compensation will be sought from the Crown; and
- (g) Other matters, including information to be supplied, as may be agreed between the Minister of Transport and the Authority.

Although not mandatory requirements under section 41D unless specifically required by the Minister, this document also includes a statement of the principles for distribution of any operating surplus to the Crown; and the Authority's estimate of the current commercial value of the Crown's investment in the Civil Aviation Authority together with a statement of the manner in which that value was assessed.

This Statement of Intent also includes, where appropriate and feasible, the requirements of **Section 141 of the Crown Entities Act 2004**, which require the Civil Aviation Authority to provide in a Statement of Intent for the financial year, 1 July 2006 - 30 June 2007 the following:

- (a) Key background information on the Crown Entity and its operating environment;
 - (i) The nature and scope of functions and intended operations;
 - (ii) The specific impacts, outcomes or objectives the Crown Entity seeks to achieve or contribute to;
 - (iii) How it intends to perform functions and conduct operations to achieve impacts, outcomes or objectives;
 - (iv) How it proposes to manage organisational health and capability;
 - (v) the main financial and non-financial measures and standards by which future performance may be judged;
 - (vi) matters for prior consultation with or notification to Minister, what it will report on to the Minister, and how often;
 - (vii) other matters required to be included under any Act; and
 - (viii) any other matters reasonably necessary to understand the Crown Entity's intentions and direction.
- (b) Forecast financial statements prepared in accord with generally accepted accounting practices;
 - (i) Statement of forecast service performance;
 - (ii) Any other measures and standards needed to assess performance at year-end;
 - (iii) Statement of all significant assumptions underlying forecast financial statements; and
 - (iv) Any extra information and explanations needed to fairly reflect the forecast financial operations and financial position.
- (c) The statement of forecast service performance must describe the classes of proposed outputs and:
 - (i) provide measures and forecast standards of output delivery performance against which actual delivery will be reported and audited in the statement of service performance at year-end;
 - (ii) identify expected revenue and proposed expenses for each output class;
 - (iii) comply with generally accepted accounting practices; and
 - (iv) include a statement of any exemptions.

Appendix 3 – Reporting obligations

The requirements on the Civil Aviation Authority of New Zealand to provide the Minister of Transport with information on its activities are contained in:

- (a) section 72B(2)(h) of the Civil Aviation Act 1990; and
- (b) the two Performance Agreements for the 2005/06 year between the Authority and the Minister of Transport in respect of:
 - (i) the Civil Aviation Authority; and
 - (ii) the Aviation Security Service.

The Performance provisions Agreements require the Authority to provide the Minister with such information and advice as the Minister may from time to time require.

The costs of retrieving, collating or supplying such information will be treated as part of the services and functions which are covered by the payment by the Crown under the Performance Agreements between the Minister and the Authority for the 2005/06 year.

A3.1 Quarterly Reports

As required by the Performance Agreements, **within twenty (20) working days** of the end of each quarter (excepting the report for the fourth quarter which must be provided within forty **(40) working days** of the end of the financial year), the Authority will provide Quarterly Reports to the Minister.

The actual form of quarterly reports will include both financial and non financial information, shall contain actual output and outcome performance information compared to forecast together with intended as well as unintended results. The report format will be in a concise overview style comprising no more than 10 pages, however, sufficient information must be provided to give a clear overall picture of achievements. A cover sheet in bullet point format shall also be provided showing key performance indicators.

A3.2 Annual Report

In compliance with clause 38 of the Third Schedule to the Civil Aviation Act 1990 and Part V of the Public Finance Act 1989, within (120) days after the end of each financial year, the Civil Aviation Authority will provide the Minister of Transport with an Annual Report containing:

- (a) a statement of the activities of the Civil Aviation Authority and the Aviation Security Service during that year;
- (b) the annual financial statements prepared under Part V of the Public Finance Act 1989, including:
 - (i) the management report required under section 42 of Part V; and
 - (ii) the audit opinion of the Audit Office required under section 43 of Part V in respect of the annual financial statements;
- (c) an analysis of the performance of the Civil Aviation Authority and the Aviation Security Service respectively as compared to the appropriate Performance Agreement, including an analysis and comparison of the actual measures of performance to the objectives and performance targets (financial and non-financial) in the Agreement;
- (d) a statement of the extent to which the equal employment opportunities programme for each organisation for the year was complied with;
- (e) any other matters the Minister may from time to time require in writing.

As required in the Performance Agreements between the Minister of Transport and the Authority, the Annual Report will also contain:

- (a) descriptions of any Ministerial policy directives received during the year and how they were complied with;
- (b) reports on any functions and powers that are delegated or contracted out in terms of sections 23B or 72E of the Civil Aviation Act 1990; and
- (c) a report on the impacts and consequences that the actual outputs of the Civil Aviation Authority and the Aviation Security Service respectively during the year had on:
 - (i) a safe civil aviation system under section 72F(2)(a) of the Civil Aviation Act 1990 compared to the estimates in the Performance Agreements; and
 - (ii) the achievement of the aviation safety and aviation security output targets in a cost-effective manner.

Appendix 4 - CAA business philosophy

A4.1 Overview

Safety and security in the New Zealand civil aviation system is dependant on a system of rules and statutory requirements that reflect our international obligations and domestic laws, the state of development of the civil aviation system and public expectations. The legal framework is underpinned by a set of principles that can be regarded as together constituting a safety and security “philosophy”. That philosophy has its origins in the Swedavia-McGregor Report of 1988, tempered by experience since and modified by the introduction of the New Zealand Transport Strategy in 2004.

A key principle of the philosophy is that operators are expected to act responsibly without excessive regulatory intervention. For its part the CAA has an obligation to be fair and consistent in the performance of regulatory functions and to ensure that its interventions are well informed and effective.

A4.2 International Regulatory Framework

New Zealand is a signatory to the Convention on International Civil Aviation (the Chicago Convention). Annexes to the Convention set out standards and recommended practices for the purpose of promoting uniformity in the regulation of international civil aviation.

New Zealand has an obligation to comply with these standards, or notify where it is not in compliance, and to endeavour to comply with the recommendations. These standards and practices have no effect in New Zealand unless specifically incorporated or otherwise expressed in our system of law. The Civil Aviation Act and the Civil Aviation Rules are the prime means for adopting the standards and practices.

In practice ICAO standards and recommended practices are applied to much of the domestic aviation system, especially those operations and infrastructure elements that interface with the international sector.

A4.3 Civil Aviation Act 1990

A key provision in the Act is the requirement that holders of “aviation documents” are responsible for the safety of their operation. If required by the civil aviation rules, they must establish and follow a safety management system which sets out how they intend to discharge that responsibility. The safety management system becomes the basis for entry into, and operation within, the aviation system. Document holders must also provide training and supervision for their employees and sufficient resources to ensure compliance with relevant safety standards. Individuals exercising privileges in terms of an aviation document must be “fit and proper” to exercise those privileges. These provisions remain the cornerstone of the safety regulatory approach followed in New Zealand.

A4.4 Civil Aviation Rules

The Civil Aviation Rules are the principal means of giving effect to the objectives and functions of the Minister and of the CAA, and the Director’s functions and powers under the Act. The Rules are made by the Minister on the basis of a programme approved by Cabinet and developed by the CAA under an agreement with the Secretary for Transport.

The Rules must not be inconsistent with ICAO standards to the extent that these have been adopted by New Zealand, and other international obligations, but other than that they must take into account a broad range of considerations including the recommended practices of ICAO, the level of risk pertaining to a particular activity and within New Zealand generally, and the costs of implementing the measures proposed. The Minister must also consider the impact of the proposed rule on other non-safety related objectives of the NZTS.

A4.5 Safety and security policy principles

Within any safety regulatory framework, different approaches to the application of standards are possible. Based on the Swedavia-McGregor recommendations, the key provisions of the Act, and subsequent experience, the CAA’s approach to civil aviation safety and security regulation in New Zealand is determined by the following principles:

Relationship with the aviation community and the public

The relationship between the CAA and the aviation community is central to the achievement of safety and security objectives. The relationship is predicated on the assumption that neither has all the knowledge necessary to secure improvements and both have a shared commitment to safety and security. The success of the relationship depends on both parties demonstrating responsible behaviours and participating constructively, openly and impartially.

While safety improvements will be secured through such relationships, it is the public whose interests are paramount. The public has a right to expect the CAA to be an effective regulator, independent of the industry it regulates, accountable for its own actions and holding participants to account for their safety and security performance. The public also has a right to be kept informed about safety and security issues and be consulted where appropriate.

The division of responsibility for aviation safety

The Act provides for a division of responsibility for safety and security within the aviation system. Briefly:

- the Minister is responsible for establishing, through the rules system, the safety regulatory framework;
- the Director of Civil Aviation is responsible for exercising control over entry into the aviation system, monitoring performance and enforcing compliance with the Act and rules made under the Act; and
- those who exercise privileges in the aviation system, aviation document holders, are responsible for the actual safety of their operation.

This division of responsibility recognises the fact that the prime determinants of aviation safety performance are the knowledge, skills, and attitude of those who exercise privileges within the system, not just with respect to their particular technical discipline but in their approach to the conduct of operations and the type of behaviours they encourage or discourage.

The concept of a division of responsibility for safety rests on the assumption that participants in the aviation system are, for the most part, responsible professionals who are able to manage the safety of their operation without the need for excessive regulatory intervention. A responsible industry is expected to:

- fully understand its roles and responsibilities;
- voluntarily comply with regulatory requirements;
- know and apply their own documented procedures;
- demonstrate a commitment to safe and secure practices within their organisation; and
- report safety and security occurrences when they occur.

Consistency and fairness in the performance of the Director's core statutory functions

The Director has the core responsibility of exercising control over entry into the aviation system, monitoring performance and enforcing compliance with the Act and rules made under the Act. Without hindering the Director's responsibility to exercise discretion and judgement in individual cases, it is important that these powers and functions be exercised within a consistent policy framework that is understood by the aviation community. To achieve this, it is expected that the Director will:

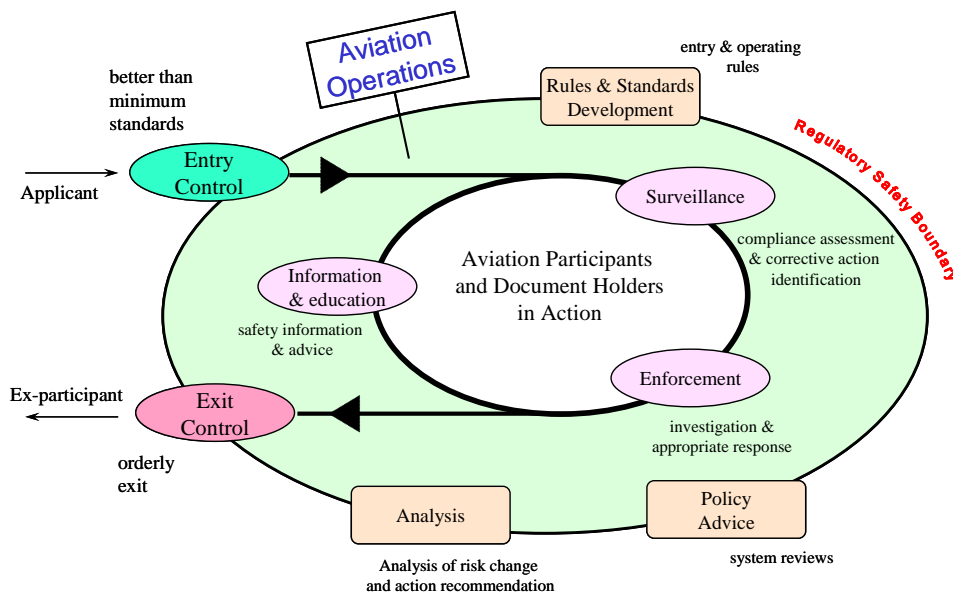
- have clear and transparent entry control, surveillance and exit control policies;
- apply these policies consistently across all operators and all sectors;
- use objective decision tools for determining the action to be taken in response to safety failure; and
- ensure that the aviation community has the information it needs to fulfil its responsibilities.

In exercising the Director's powers, the principal goal is to ensure that participants are complying with regulatory requirements and acting responsibly. Where this is not the case, the Director is expected to

employ active intervention strategies to restore compliance and encourage responsible behaviours. Depending on the scope and nature of the problem, these might include:

- increased monitoring to the extent necessary to provide confidence that operators are operating within the legal boundaries appropriate to their operation and have effective management control of the safety and security of their operation;
- imposition of conditions on documents;
- use of different enforcement tools, including prosecution action; and
- ultimately, revocation of documents and removal from the aviation system.

If the concern is more sectoral than focused on any one individual or individuals, then strategies may include more education and publicity concerning the problem and its avoidance, and/or changes in the regulatory standards for that sector.



Informed and effective intervention

The effective performance of core statutory functions (entry control, surveillance, enforcement and exit control) is critical but not in itself sufficient to enable achievement of the desired safety and security outcomes. On-going safety information gathering and analysis is essential to:

- measure the effectiveness of routine and contingent safety and security interventions:
- identify potential systemic problems:
- anticipate future risks or regulatory needs: and
- develop appropriate strategies and interventions.

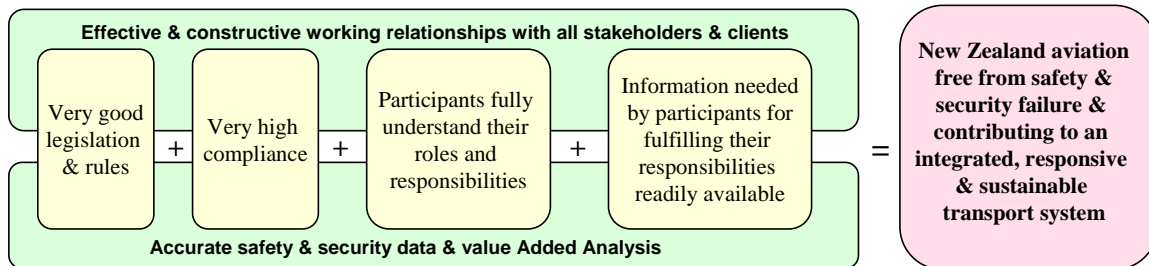
These interventions have to be in proportion to the risks involved, and justifiable in terms of the costs and benefits of the intervention having regard to all of the likely outcomes of the intervention including possible impacts on other objectives of the NZTS.

Fostering a safety and security “culture”

The attitude to safety and security demonstrated by the aviation community is as important, if not more important, than the regulatory framework they work within. Such attitudes help to shape the characteristics of a responsible industry and the potential for real safety and security gains arise from the development of a genuine safety and security culture. The characteristics of a safety culture are:

- compliance with regulatory standards and documented procedures can be taken as a “given”;

- senior managers demonstrate a top-down drive for safety and security within their organisation;
- operators' safety management systems include pro-active identification and management of the safety and security risks particular to their operation;
- individuals, operators and industry sectors demonstrate an intolerance for unsafe behaviours within their own organisation and by others;
- information on safety and security problems are openly shared; and
- the aviation community itself takes a leadership role in promoting safety and security initiatives.



Clear Rules

The Civil Aviation Rules are a key element in the framework for implementing the CAA's philosophy. Although the content of the rules is mainly determined by internationally prescribed standards and practices, there is often scope for flexibility in determining how those standards will be applied in New Zealand.

Where there is scope for flexibility, the Rules should seek to avoid unnecessary prescription and provide for the development of different means of compliance with the objective of the rule.

The requirement under the Act for operators, if required by the Rules, to establish and follow a safety management system which sets out how they intend to discharge their responsibilities under the Act is a cornerstone of the safety regulatory system. The requirements for these systems need to reflect the risks relevant to the sector concerned.

It is essential that rules be backed up with information and explanatory material that ensures that they are understood by aviation participants and the CAA staff responsible for their enforcement.

A4.7 Intra-sector co-operation and collaboration

As set out earlier in this document, a Planning Task Force (PTF) under the chair of the Ministry of Transport has been working to establish the processes required to manage the collaborative work needed between the government transport sector agencies and other related local government organisations.

Senior CAA managers will continue to take part in this development and the consequent oversight of the routine programmes implemented to generate the Transport Sector Strategic Development Document (TSSD) document.

At this stage there is little feel for the extent to which the CAA will be involved in collaborative programmes in the transport sector, however it stands ready to participate and contribute to the best of its ability and capacity.

Future Statements of Intent will set out the nature of collaborative or co-operative project with which the CAA is involved along with those measures developed and accepted for determining the efficacy of the work.

Appendix 5 - CAA supplementary environmental scan

A5.1 Airline Changes

Globalization of the airline industry continues to pose issues for the CAA as well as for the New Zealand based operators themselves. In response the CAA continues to develop mutual recognition mechanisms with other States and refine its own processes to deal with specific issues.

A5.2 General Aviation Sector Attitudes

New Zealand's general aviation sector accident rates are often double those experienced in other countries, and should be a matter of public and aviation community concern. Processes are being implemented to assist the aviation community face the problem and join with the CAA in seeking solutions. The main thrust of CAA initiatives is to change the culture of the sector, focusing on assisting people in the sector to practice informed risk and safety management in the context of aviation technology and their business.

A5.3 Economics and demand

The international aviation business is expected to continue changing because of demographic changes, terrorism and health threats and increased airline business competition and rationalisation. Increased cost of security will impinge on airline and aviation community profitability.

Due to New Zealand's image of isolation and security, passenger numbers are expected to run counter to any overseas passenger number decreases due to security or health threats.

The current buoyancy of the New Zealand dollar brings positive cost benefits to the aviation industry. However, the industry is very quick to reflect a falling exchange rate with the exodus of aircraft and increased operating costs. The latter, apart from safety and security implications, also impacts on the economic and environmental sustainability of civil aviation.

A5.4 Aviation community Nature and Size.

Having foreign operators providing domestic services in New Zealand is not expected to change. Given the market repositioning of the national carrier, it is accepted that there is a high possibility of New Zealand having a number of equally significant foreign airlines operating domestically in the future.

There continues to be significant changes in international airline alliances and a rationalisation of the number of international airlines. It is conceivable that the number of international and domestic airlines in the Asia/Pacific region could decrease markedly in the medium term.

The profile of the domestic aviation scene is expected to change with a medium term increase in non-certificated operations, larger passenger volumes, growing adventure/sport aviation, and increasing airfreight and associated movements. This will put pressure on existing aerodromes and increase pressure on airspace. Currently there are issues regarding the cost of aerodrome facilities, runway replacement and upgrading being unfairly levied on operators.

A dominant GA organisation has emerged with operations spanning much of the GA spectrum as well as operating internationally.

There are clear issues in the general aviation sector regarding the aging of the GA fleet and the increasing use of technologically advanced microlight aircraft. These issues will need changed or increased regulatory attention.

The use by the CAA of market type tools for changing the culture of the GA sector and educating the public on security and safety matters in aviation will need to be developed.

With changes in oversight philosophies, it is expected that commercial aviation will increasingly need to meet its full and true cost. This is expected to adversely effect the cost of air travel and freight.

A5.5 Technology

Aviation is expected to continue to implement advances in new aerospace technology driven by economic and environmental imperatives. This will include increased dependence on satellite based

navigation (including GPS) and air traffic management. As a result the existing ground based navigation aids are expected to decline with a shorter term adverse impact on the GA sector.

Larger aircraft are already being built and the viability and practicality of other advances in areas such as pilot-less aircraft (UAV – unmanned aerial vehicles), alternative fuels and boundary layer personal aircraft will make for interesting challenges to the CAA.

Changes in the way airspace is managed such as the implementation of commercial free-flight areas and an increase in environmentally based restricted low level airspace will also change the risk profile of the aviation community.

Technology changes are expected to increase pressure on the aviation infrastructure more often in the future. Passenger number increases, aircraft size and flight densities will all require greater attention by aerodrome and ATS operators as well as the CAA.

A5.6 Environment

Aviation is unfortunately not an industry where there is the potential for alternative power sources. It is expected that aircraft will rely on fossil fuels well into the distant future. This has implications in the government's management of its various international environmental obligations. In particular, how and who will oversee the eventual regulation of emissions (CO₂, NO_x, noise and particulates) and other environmentally detrimental impacts of aviation in New Zealand. The part the CAA will need to play in this is not yet defined.

A5.7 Management, Labour

The nature of the workforce in aviation is changing. In New Zealand, the overall workforce is aging, skills are being depleted, and costs are escalating.

Infrastructural issues continue to be exacerbated by changes made in important feeder parts of the aviation community such as the re-focusing of the Royal New Zealand Air Force, decreased civilian ground training, and low wage doctrines. These issues will have an increasing impact on the availability of capable and professional aircrew and ground staff for civil aviation for some time. This situation is already apparent in increasing scarcity of engineering personnel.

The CAA will continue to reflect the state of the aviation community in with its own recruitment and retention problems, difficulty in coping with demanded changes in work practices, lack of resources and high workloads, and the impact of these on organisational commitment and effectiveness.

A5.8 Government and International

There are a number of factors that are of significance to the Government in terms of the future shape and size of the CAA. These include changing relations with Australia and its effect on the single trans-Tasman market concept and the success of bi-lateral agreements with other States and international communities such as the EU.

These positive steps point in some ways to consolidating regulatory oversight in the region.

The CAA's responsibilities on behalf of New Zealand with ICAO are not expected to change rapidly. However, the effect of the current ICAO programme of international oversight audit is expected to impact on the CAA in cost of support and the cost of implementation of remedial actions.

Recent changes to the Act reflect the Governments wish for the Authority to ensure that it engages fully and beneficially with international aviation responsibilities.

A5.9 The Public

It is clear that there will continue to be a high expectation from the public of New Zealand for safety in aviation and an associated acceptance of a high standard and extent of any new safety and security measures necessary.

The use of air travel as a recognized and accessible mode of domestic transport is increasing with falling tick costs and the increasing disposition to spend by the public.

A5.10 CAA Operations

Operational issues for the CAA span the funding of adequate resources, and effective management of responsibilities. The latter requires review of governance, quality systems, measurement of aviation community safety levels, internal performance measurement and business processes.

It is also expected that the CAA will need to find the means to re-balance its efforts between reactive regulatory work, proactive safety initiative development and new non-safety oversight requirements.

The litigious nature of elements of the aviation community challenging the Director's statutory powers and seeking damages is increasing.

A5.11 CAA Public Profile

The Authority has not traditionally managed its profile with the public in a marketing sense; however, the need to ensure an appropriate public profile is achieved. This has a linkage with changes in safety and security demands, funding and funding systems.

Similarly, it has been recognised that the CAA needs to achieve a better profile amongst the aviation community to give foundation to the new non-safety oversight operations and any new related funding regimes.

Not only is it necessary to control the CAA corporate image, it will become increasingly necessary to ensure staff understand their role in this respect and have the capability to portray the organisation in the best way.

A5.12 CAA Strengths

While the analysis above shows that the CAA operates in a difficult environment, it has strengths with which it can overcome these prevailing and developing issues:

The CAA is seen as being staffed by very experienced and professional people who have earned the aviation community respect. Coupled with its significant state of the art technical resources, the preparedness of staff to implement progressive change and development, and staff commitment, clarity of purpose and passion, there is every reason to expect the CAA to be successful in many parts of its endeavors.

The CAA has good support systems and its revenue stream through passenger levies, while not as robust as would be preferred, is expected to continue to deliver reasonable income. Technical training systems have been implemented in recent times to ensure staff capability and technical competence. This is now being followed by more “corporate” type training especially for managers.

The CAA continues to have good business technologies and business systems, with these advantages increasingly understood and used. It is expected that developments in the IT area will continue to spawn possible commercial opportunities that the CAA may well be able to take advantage of as alternatives to funding safety initiatives.

Currently the CAA has approximately 181 staff positions and the workforce is relatively stable. It is also flexible with regard to the implementation of new systems.

On a wider front, the CAA clearly enjoys the respect of the New Zealand public and the international aviation community. The latter is often demonstrated through positive interaction with other regulatory authorities and the work CAA people carry out for or with ICAO and other international aviation organisations. Such work ensures that the CAA is kept abreast of international developments, if not actually directly involved with such development.

Appendix 6 – CAA Planning Framework

Safety Outcome Measures

Output Measures

Vision	Mission	Central Objective (a)	Strategic Objectives	Linkage to NZTS Objectives	Intermediate Goals	Supporting Strategies	Linkage to Output Classes
New Zealand aviation free from safety and security failure and contributing to an integrated, responsive and sustainable transport system.	To take action that ensures people and property are not harmed or threatened by New Zealand civil aviation operations. To ensure that New Zealand's international civil aviation obligations are met.	The number and impact of adverse aviation related events on people and property are minimized;	(b) Civil aviation rules and other regulatory measures are understood by the aviation community, the public and CAA staff.	1. Assisting economic development 2. Assisting safety and personal security 3. Improving access and mobility 4. Protecting and promoting public health 5. Ensuring environmental sustainability	(a) The identification of aviation community safety target groups and the most appropriate safety and security measures and targets for these groups. (c) The continuing development of civil aviation rules to fulfill the needs of an effective safety and security regulatory system. (e) The development of an effective strategy for communication with the aviation community and the public. (f) The implementation of new operational oversight systems on behalf of Government agencies such as the CAA's new Health and Safety in Employment Act responsibilities.	(a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (d) Organisational development. (e) Internal knowledge management.	1. Policy Advice 2. Safety and Security Assessment and Certification 3. Safety Analysis and Information 4. Enforcement
			(c) Civil aviation community participants consistently meet or exceed regulatory requirements.	2. Assisting safety and personal security 4. Protecting and promoting public health 5. Ensuring environmental sustainability	(c) The continuing development of civil aviation rules to fulfill the needs of an effective safety and security regulatory system. (e) The development of an effective strategy for communication with the aviation community and the public. (f) The implementation of new operational oversight systems on behalf of Government agencies such as the CAA's new Health and Safety in Employment Act responsibilities.	(a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (d) Organisational development. (e) Internal knowledge management.	2. Safety and Security Assessment and Certification 3. Safety Analysis and Information 4. Enforcement
			(d) The CAA has all the relevant information it needs to support its operations and decisions.	1. Assisting economic development 2. Assisting safety and personal security 4. Protecting and promoting public health 5. Ensuring environmental sustainability	(b) The review and improvement of aviation accident and incident investigation processes. (e) The development of an effective strategy for communication with the aviation community and the public. (f) The implementation of new operational oversight systems on behalf of Government agencies such as the CAA's new Health and Safety in Employment Act responsibilities.	(b) Measurement, monitoring, analysis and feedback. (d) Organisational development. (e) Internal knowledge management.	1. Policy Advice 2. Safety and Security Assessment and Certification 3. Safety Analysis and Information 4. Enforcement

Vision	Mission	Central Objective (a)	Strategic Objectives	Linkage to NZTS Objectives	Intermediate Goals	Supporting Strategies	Linkage to Output Classes
			(e) All regulatory tools, including sanctions, are applied by the CAA in a fair and consistent manner.	<ol style="list-style-type: none"> 1. Assisting economic development 2. Assisting safety and personal security 4. Protecting and promoting public health 5. Ensuring environmental sustainability 	<ol style="list-style-type: none"> (a) The identification of aviation community safety target groups and the most appropriate safety and security measures and targets for these groups. (c) The continuing development of civil aviation rules to fulfill the needs of an effective safety and security regulatory system. (e) The development of an effective strategy for communication with the aviation community and the public. (f) The implementation of new operational oversight systems on behalf of Government agencies such as the CAA's new Health and Safety in Employment Act responsibilities. 	<ol style="list-style-type: none"> (a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (d) Organizational development. (e) Internal knowledge management. 	<ol style="list-style-type: none"> 2. Safety and Security Assessment and Certification 3. Safety Analysis and Information 4. Enforcement
			(f) The public and government is well informed about New Zealand aviation safety and security.	<ol style="list-style-type: none"> 1. Assisting economic development 2. Assisting safety and personal security 	<ol style="list-style-type: none"> (d) Implementation of "whole of Government" strategies such as the New Zealand Transport (NZTS) Strategy and the New Zealand Injury Prevention Strategy (NZIPS) (e) The development of an effective strategy for communication with the aviation community and the public. 	<ol style="list-style-type: none"> (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (d) Organisational development. (e) Internal knowledge management. 	<ol style="list-style-type: none"> 1. Policy Advice 3. Safety Analysis and Information
			(g) New Zealand's international civil aviation obligations are met.	<ol style="list-style-type: none"> 1. Assisting economic development 2. Assisting safety and personal security 	<ol style="list-style-type: none"> (b) The review and improvement of aviation accident and incident investigation processes. (c) The continuing development of civil aviation rules to fulfill the needs of an effective safety and security regulatory system. 	<ol style="list-style-type: none"> (a) Regulatory oversight. (b) Measurement, monitoring, analysis and feedback. (c) Informing and educating the aviation community and the public. (d) Organizational development. (e) Internal knowledge management. 	<ol style="list-style-type: none"> 1. Policy Advice 2. Safety and Security Assessment and Certification 3. Safety Analysis and Information 4. Enforcement

Appendix 7 – Aviation Security Service Planning Framework

Vision	Mission	Strategic Goals	Linkage to NZTS Objectives	Intermediate Goals	Supporting Strategies	Linkage to Output Classes
The Aviation Security Service will be a recognised leader in the provision of aviation security expertise, with the capability to provide specialist security services to governments	We Improve the safety of aviation by the application of specific security measures	(a) <i>Avsec quality</i> Avsec delivers best practice world standard aviation security	<ol style="list-style-type: none"> 1. Assisting economic development 2. Assisting safety and personal security 3. Improving access and mobility 4. Protecting and promoting public health 5. Ensuring environmental sustainability 	<ol style="list-style-type: none"> (a) Avsec's quality framework is in place and working effectively, strategically and operationally (b) Avsec's quality and training strategies are well aligned with its operation (c) Avsec has in place a measurable and relevant benchmarking system that assists it in delivering a quality service 	<ul style="list-style-type: none"> ➤ Measurement, monitoring, analysis and feedback ➤ Avsec's Quality culture and systems ➤ Internal and international benchmarking systems ➤ Internal knowledge management 	Aviation Security Services
		(b) <i>Avsec Strategic Staffing</i> Avsec attracts, identifies and retains capable people	<ol style="list-style-type: none"> 1. Assisting economic development 3. Improving access and mobility 4. Protecting and promoting public health 	<ol style="list-style-type: none"> (a) Avsec has appropriate skilled, trained and satisfied staff in the right place at the right time (b) Avsec has an effective strategic human resource planning process (c) Avsec's human resource management policies support and facilitate its future development 	<ul style="list-style-type: none"> ➤ Measurement, monitoring, analysis and feedback ➤ Avsec Quality culture and systems ➤ Internal knowledge management ➤ Organisational development ➤ Industry/sector best practice 	Aviation Security Services
		(c) <i>Avsec Risk Management</i> Effective, consistent and coordinated risk management frameworks are in place across Avsec	<ol style="list-style-type: none"> 2. Assisting safety and personal security 4. Protecting and promoting public health 5. Ensuring environmental sustainability 	(c) Avsec has risk management strategies in place (operational, legislative, and personnel) and anticipates and mitigates risks before they occur	<ul style="list-style-type: none"> ➤ Measurement, monitoring, analysis and feedback ➤ Avsec's Quality culture and systems ➤ Avsec planning processes ➤ Aviation security risk assessment processes 	Aviation Security Services
		(d) <i>Avsec Stakeholder Relationship</i> Avsec works cooperatively with its partners	<ol style="list-style-type: none"> 1. Assisting economic development 2. Assisting safety and personal security 5. Ensuring environmental sustainability 	(d) Avsec's consultative structures work effectively whereby it anticipates issues and change by working with its stakeholders at a strategic level	<ul style="list-style-type: none"> ➤ Measurement, monitoring, analysis and feedback ➤ Avsec's Quality culture and systems ➤ Industry /sector best practice ➤ Avsec planning processes 	Aviation Security Services

