6 May 2011

Hon Steven Joyce
Minister of Transport
PO Box 18 041
Parliament Buildings
Wellington 6160

Dear Minister

Implementation of OAG’s Recommendations – Third Quarterly Report

In accordance with the agreement you made with my predecessor for the monitoring and reporting on progress implementing the recommendations resulting from the OAG’s 2009 audit of the CAA’s certification and surveillance functions I am pleased to provide you with the Authority’s report on the status of work done during the first quarter of 2011. I have also enclosed a copy of the Audit New Zealand report provided to the Authority’s Audit, Finance and Risk Committee.

The most significant progress made since the Authority’s last report on this topic is the initiation of a comprehensive change programme intended to:

- implement a single organisation performing two sets of legislative responsibilities (within the current legislative framework),
- ensure best practice delivery of safety and security regulatory and security service functions,
- change the management and leadership style of the CAA to provide a flexible, responsive, effective, performance and outcome focused organisation,
- drive cost savings by removing duplicated processes, functions and activities,
- enhance the confidence of key stakeholders (e.g., Government, industry) in Avsec and the CAA, and
- set the scene and organisational desire for the success of future change initiatives.

It is my intention that the Authority takes a very active role in the governance of the change programme it has initiated. My view is that an overarching organisational change programme is an essential prerequisite to ensuring that required performance improvements, including the OAG recommendations, are implemented and sustained. You will be provided with more detail on the programme as it takes shape.
It is pleasing to note that the results of output quality measurement for the quarter show a significant and consistent improvement in the performance of both the certification and surveillance functions. Real progress is being made to address the concerns of the OAG with respect to both functions. This is gratifying given that the project to improve the performance of the surveillance function is still underway – due for completion at the end of September 2011. The improvement reflects the commitment of staff to the review process, the engagement of the surveillance project team in developing and improving the review process and the transfer of common skills and requirements from completed certification training.

Also pleasing is the Audit NZ comment that it considers “the CAA has made steady progress during this quarter”. The Audit NZ report also attests to the accuracy of the Authority’s report on the status of its work to implement the OAG recommendations. In the covering letter to their report, Audit NZ refers to progress being made on the Director’s inquiries into a complaint received from the aviation sector. As advised by my predecessor in his letter on this topic (DW1216110-0 4 February 2011) the subject of the complaint is outside the scope of the attached report and any developments on the matter will be reported separately by the OAG and/or the CAA.

On the subject of reporting, I note that in recent correspondence with you (WGTA 13952 dated 7 April 2011) the MoT, in commenting on the content of the combined Avsec/CAA Quarterly report called for the inclusion of more substantive comment in that report on CAA progress implementing OAG recommendations. CAA and MoT officials have discussed that suggestion and both agree that a better solution would be to provide you with a more complete picture of the CAA performance story by combining the two reports. Thus, I propose that in future, given your consent, the CAA will combine the two reports on the timeline of the combined Avsec/CAA Quarterly report. I understand that such action has always been intended but was not initially possible due to the timing of the first report on the implementation of the OAG recommendations.

I note that arrangements are currently being made for the Authority to meet with you later this month. That meeting will provide an opportunity for further discussions on the process of change being implemented. The proposal to combine the two quarterly reports can be discussed at the same time.

Yours sincerely

Nigel Gould
Chairman
Civil Aviation Authority