Dear Minister

Implementation of OAG’s Recommendations – Fifth Quarterly Report

In accordance with our agreement 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 3rd quarter of 2011 (1 July – 30 September). I have also enclosed a copy of the Audit New Zealand report provided to the Authority’s Audit, Finance and Risk Committee.

As previously advised, the implementation of the OAG recommendations is now being done within the context of an overarching Change Programme aimed at achieving management, policy, performance and culture changes across the organisation. This report, however, concentrates on the actions taken to implement the OAG recommendations.

You will note that this report differs from its predecessors in that the results of the Output Class 2 sampling process previously provided in graphical format have been removed. As advised in my covering letter to the 4th Quarterly Report (DW1228430-0 dated 26 August 2011) Audit New Zealand have advised that while they consider the sampling process a valuable internal Quality Assurance measure they also feel that its use externally poses a risk of misinterpretation. The graphs have been removed from the report at their request. I can say, however, that the results of the 5th quarterly sample are of a similar high quality to those shown in recent reporting.

The quarter has seen good progress made toward implementation of the OAG recommendations. Completion of the development, and subsequent validation, of a methodology for assessing the effectiveness of regulatory interventions is the most significant milestone achieved. This methodology will be applied to the CAA’s regulatory interventions in coming months and will eventually inform decisions around the allocation of resource and the appropriate targeting of interventions. Good progress has also been made in the development and testing of training material associated with improvements to the surveillance function. Audit New Zealand staff have monitored the testing of some of this training material and report favourably on its content.
The Authority is mindful of the need to ensure adequate governance oversight of work related to OAG recommendations as it transitions from the control of the Change Programme to business-as-usual. It has put in place reporting mechanisms and is rebuilding the CAA’s quality management system to ensure that such work does not fall through the cracks or atrophy through lack of management or Authority attention.

In the normal course of events the next of these reports, covering the October – December 2011 quarter would be due with you in the first week of February 2012. Given a combination of factors, including the lack of project milestones during that quarter and practical difficulties associated with conducting the Output Class 2 sample during January, I propose that we skip the next quarterly report and instead submit a report on 4 May 2012 covering the six month period October 2011 – March 2012. There is little value in reporting on a period without significant milestones and the extension of the reporting period to six months in this case will provide coverage of a significant number of project milestones in March 2012. Both the Auditor-General and the Ministry of Transport are supportive of this proposal. If you have any difficulty with the proposal, please let me know.

Yours sincerely

Nigel Gould
Chairman
Civil Aviation Authority