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

# ANNUAL REPORT

For the year ended 30 June 2005

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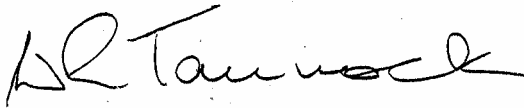
*Presented to the House of Representatives Pursuant to the  
Public Finance Act 1989*

## **The Minister of Transport**

This Annual Report has been prepared in accordance with:

- Section 38A of the Third Schedule to the Civil Aviation Act 1990;
- The Public Finance Act 1989; and S.198 of the Crown Entities Act 2004;
- the Statement of Intent of the Civil Aviation Authority of New Zealand covering the activities of the Civil Aviation Authority, Aviation Security Service, and Class III Search and Rescue Services.

The report covers the activities of the Civil Aviation Authority of New Zealand for the year 1 July 2004 to 30 June 2005.

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**W R Tannock**  
**Chairman**

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**ABBREVIATIONS**


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ACAS	Airborne Collision Avoidance System	NCI	Non-Compliance Index
ACC	Accident Compensation Corporation	NOTAM	Notice to Airmen
ACNZ	Airways Corporation of New Zealand	NPRM	Notice of Proposed Rule Making
AIA	Aviation Industry Association	NRCC	National Rescue Co-ordination Centre
AIP	Aeronautical Information Publications	NZAAA	New Zealand Agricultural Aviation Association
AIS	Aeronautical Information Service	NZAIP	New Zealand Aviation Information Publication
APEC	Asia Pacific Economic Co-operation	NZALPA	New Zealand Airline Pilots Association
AQI	Audit Quality Index	NZHGPA	New Zealand Hang Gliding and Paragliding Association
ASL	Aviation Services Limited	PLB	Personal Locator Beacon
ATM	Air Traffic Management	PASO	Pacific Aviation Safety Organisation
ATS	Air Traffic Services	RCCNZ	Rescue Co-ordination Centre of New Zealand
AvSec	Aviation Security Service	RNP	Required Navigation Performance
BASA	Bilateral Aviation Safety Agreements	RESA	Runway End Safety Areas
CAA	Civil Aviation Authority	RNZAC	Royal New Zealand Aero Club
CASA	Civil Aviation Safety Authority (Australia)	RNZAF	Royal New Zealand Air Force
CIRAG	CAA / Industry Rules Advisory Group	RVSM	Reduced Vertical Separation Minimum
CNS	Communications, Navigation and Surveillance	SAR	Search and Rescue
COSPAS- SARSAT	International Satellite system for Search and Rescue	SRR	Search and Rescue Region
DCA	Director of Civil Aviation	SSC	State Services Commission
EAP	Employee Assistance Programme	TAIC	Transport Accident Investigation Commission
EASA	European Aviation Safety Agency	TAOC	Transitional Air Operator Certificate
EDD	Explosive Detector Dogs	TAWS	Terrain Avoidance Warning System
EEO	Equal Employment Opportunities	TTMRA	Trans-Tasman Mutual Recognition Agreement
EGPWS	Enhanced Ground Proximity Warning Systems	UAV	Unmanned Aerial Vehicle
ELT	Emergency Locator Transmitters	VFR	Visual Flight Rule
ETOPS	Extended Twin-engine Operations	VNC	Visual Navigation Chart
FAA	Federal Aviation Administration (USA)		
GAP	Good Aviation Practice		
GEOLUT	Geo-stationary Satellite Local User Terminal		
GPWS	Ground Proximity Warning Systems		
GST	Goods and Services Tax		
HSE	Health and Safety in Employment		
HBS	Hold-stow Baggage Screen		
ICAO	International Civil Aviation Organisation		
IFR	Instrument Flight Rules		
ILS	Instrument Landing System		
ISO	International Organisation for Standardisation		
LEOLUT	Low Earth Orbit Local User Terminal		
LOSA	Line Operations safety Audit		
LUT	Local User Terminal		
LTNZ	Land Transport New Zealand		
MIP	Maintenance Implementation Procedure		
MHz	Mega-hertz		
MOT	Ministry of Transport		
MNZ	Maritime New Zealand		

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## Chairman's Report

### Civil Aviation Authority of New Zealand

The membership of and office holders within the Authority changed significantly during the year under review. Rodger Fisher, the long time Chair, and John Gabriel retired at the end of the 2004 calendar year. In their place Ms Susan Hughes and Mrs Robyn Reid were invited to join the Authority by the Minister of Transport. Ms Hazel Armstrong, deputy Chair of the Civil Aviation Authority, continued as Chair of the Remuneration Subcommittee and Darryll Park, deputy Chair of the Aviation Security Service, was invited by me to Chair a newly formed Audit Subcommittee.

The last six months of 2004 were spent preparing, with the Director of Civil Aviation and the General Manager of the Aviation Security Service, for the implementation of the Government's Transport Strategy and for the outcome of the Transport Sector Review that ultimately resulted in changes to the Civil Aviation Act and the Crown Entities Act.

During this period, and throughout the year, the Aviation Security Service management team prepared a comprehensive plan for the introduction of and provision to international air operators of hold baggage screening that will become mandatory on January 1, 2006. The magnitude of this project is significant.

The Civil Aviation Authority has expended considerable effort in developing rule proposals to govern 'adventure aviation', i.e. those activities such as parachuting, gliding, hang gliding and paragliding, microlight flying, ballooning and using antique aircraft. Performance in some parts of this sector has been unsatisfactory and efforts will be redoubled to find ways of improving the safety outcomes.

During the early weeks of their tenure, the new members of the Authority participated in an induction programme conducted by the Director of Civil Aviation and the General Manager of the Aviation Security Service and their respective teams, thereafter participating in a retreat with other members of the Authority to explore current practice, debate its efficacy and to establish a collective view on the courses of action needing to be taken, for and on behalf of the people, to keep *New Zealand aviation free from safety and security failure - contributing to an integrated, responsive, and sustainable transport system*.

This year brought to a conclusion the second five year period in which aircraft accident reduction targets have been set, the detailed results of this ten year programme have been presented elsewhere in this report. Suffice to say, the accident level has reduced satisfactorily in some aviation activity groups, and compares favourably with world standards; this has not been the case in other target groups. Development work has been carried out during the year to formulate a new set of targets that can be better understood by those outside the organisation and be used to assess the progress towards the *Vision*. The development effort has resulted in a redefinition of the units of measurement – from an incident index to a social cost per unit of exposure – and a redefinition of the composition of the target groups.

The Transport Sector Strategic Directions, being developed by the Planning Task Force and being monitored by the Board Representative Group, in which both the Civil Aviation Authority and Aviation Security Service participate, on ratification by the Minister of Transport, will set new criteria by which both organisations will be judged. The demanding

targets of the new aircraft safety grouping will require a sustained performance from all participants in aviation – operators, service providers and the regulator - nothing short of excellence. In recognition of this, the Authority has set in motion a comprehensive programme to drive new strategies through the organisations ensuring that the ways and means, necessary skills and determination to achieve the required results are ever present.

There is no doubt that the year under review has been a demanding one for Civil Aviation staff. The range of aircraft operating in New Zealand has never been more diverse – from large and medium size aircraft, incorporating the latest technology in composite structure, power plants and systems, to classic and antique aircraft - both civil and former military types. Airborne and ground based air traffic management systems are state of the art and maintenance and repair organisations and other service providers have high levels of capability. There are 3800 aircraft, 8900 pilots, and 2000 licensed engineers operating and exercising the privileges of their license in this country, i.e. under the purview of the regulator. The scale and scope of the tasks required to exercise entry control, monitor activity, analyse occurrences, and provide corrective actions and education in such an industry is demanding for a regulator of modest size. In spite of some difficulties and challenges, Civil Aviation staff members have coped well. In addition to the more routine work, the major New Zealand airline has had a significant re-equipment and refurbishing programme underway for its international fleet. The programme has been demanding for staff in terms of technical complexity and time. It is satisfying to record that the Civil Aviation Authority staff's involvement has significantly contributed to the technical success of that programme.

The Civil Aviation Authority ended the year with a financial surplus of \$1.206m being mainly due to levy revenue from higher than forecast passenger numbers, through most but not all of the period, and higher revenue from a significantly increased demand for certification work. The Authority is being fiscally prudent by using the surplus to create a reserve to ensure it has the financial strength to deal with any major safety or security issue it may face in the future.

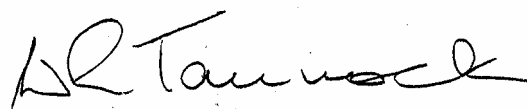
The Aviation Security Service's financial result was a deficit of \$2.439m against a budgeted surplus of \$0.010m. A \$3.335m reduction in revenue was partially offset by expenditure savings of \$0.886m. The key revenue loss was the non-funding of hold baggage screening operating costs of \$4.408m by the Crown and the required increase to domestic charges being delayed by a year due to the border clearance charging review. This \$1.539m loss was reduced by improved \$0.776m income from international charges, other services income of \$1.011m and interest of \$0.764m. The loss will be made up by way of the increases to the security charges effective from 1 October 2005.

Responsibility for the Rescue Co-ordination Centre of New Zealand was transferred to Maritime New Zealand in December 2004. For the first five months of the year under review, the financial result was a loss of \$0.041m. This result represents operations of the new RCCNZ manned on a 24 hours per day basis. Full coverage of the Rescue Co-ordination Centre 2004/5 activities is covered in Maritime New Zealand's annual report.

I have described the changes to the Authority's membership at the beginning of this report but I must not close without thanking Rodger Fisher and John Gabriel for their contribution to aviation safety. On a personal note, I enjoyed the comradeship of both.

Of some note to the Civil Aviation Authority, Mr Max Stevens, Deputy Director and Mr Peter McNeill, Manager Law Enforcement have retired during the year after 42 and 49

years respectively in the public service. I thank them for their relentless dedication to the Civil Aviation Authority, in particular, and the aviation industry, in general, and wish them well in their much-deserved retirement. I would also like to welcome Graeme Harris, who replaced Catherine Taylor as General Manager of Personnel Licensing and Aeronautical Services in September 2004. I wish Catherine Taylor well in her endeavours as Business Manager of Maritime New Zealand.

A handwritten signature in black ink, reading "W R Tannock". The signature is written in a cursive style with a large initial "W" and "R".

**W R Tannock**  
**Chairman**

## Purpose

# Civil Aviation Authority of New Zealand

## Civil Aviation Authority

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The objective of the Civil Aviation Authority (CAA) is 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 (Section 72AA of the Civil Aviation Act 1990).

In particular the Authority is required to:

- Promote civil aviation safety and security in New Zealand;
- Promote civil aviation safety and security beyond New Zealand in accordance with New Zealand's international obligations;
- Establish and continue a service to be called the Aviation Security Service;
- 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;
- Notify the Transport Accident Investigation Commission in accordance with Section 27 of the Civil Aviation Act 1990 of accidents and incidents notified to the Authority;
- Maintain and preserve records and documents relating to activities within the civil aviation system, and in particular maintaining the New Zealand Register of Aircraft and the Civil Aviation Registry;
- Ensuring the collection, publication, and provision of charts and aeronautical information, and entering into arrangements with other persons or organisations to collect, publish, and distribute such charts and information;
- Provide to the Minister of Transport such information and advice as the Minister may from time to time require;
- Co-operate with, or to provide advice and assistance to any government agency or local government when requested to do so by the Minister, but only if the Minister and Authority are satisfied that the performance of the functions and duties of the Authority will not be compromised
- 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
- Enter into technical or operational arrangements, or both, with the civil aviation authorities of other countries.

In addition, the Act requires the Director of Civil Aviation to:

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



- Monitor adherence, within the civil aviation system, to any regulatory requirements relating; safety and security (but not limited to) personal security; access and mobility; public health; environmental sustainability; any other matter; and
- Ensure regular reviews of the civil aviation system to promote the improvement and development of its safety and security.

### **Search and Rescue Services**

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In November 2004, under S.14C of the Civil Aviation Act 1990, the Minister transferred responsibility for the Class III Search and Rescue Services from the CAA to Maritime New Zealand. Maritime New Zealand is now responsible for providing an immediate response to all notified distress alerts within the New Zealand Search and Rescue region, to co-ordinate searches to locate persons in distress, and to render appropriate assistance to ensure the safety of all persons concerned.

For the period from 1 July to 30 November 2004, the CAA was required to:

- Provide in the New Zealand Search and Rescue Region, twenty four hour per day (24/7) search and rescue co-ordination services for Class III search and rescue operations for persons in distress or in need of assistance, such services to meet or exceed New Zealand's obligations under any applicable international agreements;
- Co-ordinate all persons, organisations, and government departments as necessary to provide the required Class III Search and Rescue services;
- Operate the Local User Terminal at the National Rescue Co-ordination Centre (NRCC)
- Communicate with and educate persons, organisations and government departments to minimise the need for and to improve and facilitate Class III Search and Rescue services;
- Provide sufficient adequately skilled staff to ensure the Search and Rescue co-ordination services are available 24/7;
- Establish and adopt procedures to ensure the effective co-ordination of Class III Search and Rescue services;
- Log and record all NRCC activities associated with the co-ordination of Class III Search and Rescue services;
- Complete reports for each suspended Class III Search and Rescue operation and such other reports as are requested by stakeholders;
- Provide a person or persons to attend and represent New Zealand's interests at international forums on search and rescue;
- Provide appropriate training for personnel involved in providing Class III Search and Rescue co-ordination services;
- Maintain the national 406MHz distress beacon register; and
- Arrange the provision of medical advice, initial medical assistance, or medical evaluation if required, for persons in distress within the New Zealand Search and Rescue Region.

## **Aviation Security Service**

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The Aviation Security Service is required to:

- Screen 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;
- Screen all departing domestic passengers and baggage travelling on aircraft with a capacity for 90 or more regular air passengers;
- Provide 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;
- Undertake searches, where necessary, of passengers, baggage, cargo, aircraft, aerodromes, and navigation installations;
- Carry out patrols at security designated aerodromes and navigation installations;
- Review, inquire into, and keep itself informed on security techniques, systems, devices, practices, and procedures related to the protection of civil aviation and persons employed in or using it;
- Undertake, encourage or supervise such experimental or research work in respect of any aspect of aviation security as the Director of Civil Aviation may specify;
- Co-operate 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; and
- Exercise and perform such other functions and duties as may be conferred on it by any enactment.

In addition to the above statutory functions, the Aviation Security Service is also required to:

- Provide aviation security services as required by the aviation industry including aircraft guards, aircraft searches and passenger protection;
- Issue, on behalf of the Director of Civil Aviation, official Airport Identity Cards utilising the National Airport Identity Card database;
- Provide advice on aviation security activities to the Government and the aviation industry, including draft replies to Ministerial correspondence related to the Service.
- Act as a Maritime Security Organisation in a high threat situation at the Port of Auckland.

During the course of the 2004/2005 financial year, the Director of Civil Aviation required the Aviation Security Service to maintain enhanced security measures in place post the terrorist events of 11 September 2001 in New York.

## Governance and Accountability Statement

### Civil Aviation Authority of New Zealand

#### Role of the Authority

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The Minister of Transport has appointed the *Authority* as the governing board. The Authority's responsibilities include;

- Communicating with the Minister and other Government stakeholders to ensure their views are reflected in the planning of the Civil Aviation Authority.
- Delegating responsibility for the achievement of specific objectives to the Chief Executive of CAA and the General Manager of Aviation Security Service.
- Monitoring organisational performance towards achieving these objectives.
- Accounting to the Minister on plans and progress towards them.
- Ensuring systems of internal control are maintained.

#### Structure of the Civil Aviation Authority of New Zealand

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The Authority has appointed a Chief Executive (the Director of Civil Aviation) to manage the CAA, and a General Manager to manage all Aviation Security Service operations. The Authority directs both Officers by delegating responsibility and authority for achievement of objectives through setting policy. The CAA chaired an interim SAR Board of Management in the first half of 2004 following which responsibility for the Class III Search and Rescue Services shifted to Maritime New Zealand.

#### Authority Committees

The Authority has set up several standing committees to provide a more detailed level of focus on particular issues. Each committee has been delegated responsibility for establishing and monitoring the organisations progress toward meeting objectives prescribed by the Authority. The Authority's standing committees include:

<b>Committee</b>	<b>Meets</b>
Audit Committee	At least four to five times a year and as required
Aviation Security Service Committee	Monthly
Remuneration Committee	At least three to four times a year and as required

Following the Crown Entities Act 2004, the Aviation Security Service Committee responsibilities were subsumed by the work and oversight of the full Authority.

The Audit and Remuneration Committees cover the associated affairs of both the CAA and Aviation Security Services (AvSec).

#### Quality Assurance

The Authority has a policy of maintaining quality assurance through the maintenance of quality management systems and certification to ISO 9001/2000 and its successors.

## Governance Philosophy

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### Authority Membership

Authority Members are appointed by the Minister of Transport. The Authority is composed of Members who have diverse business, legal and aviation industry skills and experience in order to bring a wide range of thought to bear on policy issues. Once appointed, all Members are required to act in the best interests of the Civil Aviation Authority. Members acknowledge that the Authority must stand unified behind its decisions and that individual Members have no separate governing role outside the Authority.

### Connection with Stakeholders

The Authority acknowledges its responsibility to keep in touch with stakeholders, in particular, to remain cognisant of the expectations of the Minister of Transport.

### Responsibility of Authority and Director

A key to the efficient running of the Civil Aviation Authority is the governance structure under the Civil Aviation Act 1990 and Crown Entities Act 2004. The Authority concentrates on setting high level policy, strategy and objectives, and then monitors progress. The Director and Chief Executive<sup>1</sup> and Management are concerned with implementing this high level policy and tactical strategies.

The Authority and the Director both have statutory functions in the civil aviation system. The Director is guided and accountable in the exercise of his functions by the Authority to the extent permissible under the Civil Aviation Act 1990, the Crown Entities Act 2004 and administrative law. The Authority is accountable to the Minister of Transport for the efficient and effective performance of its functions.

However, in particular cases, the Director is required to exercise independent judgment in relation to the granting, suspension or revocation of aviation documents, the issue suspension or revocation of medical certificates, the granting of exemptions or the enforcement of the provisions of the Act.

The Authority clearly demonstrates its role by ensuring that the delegation of responsibility and authority to the Director of CAA and the General Manager of Aviation Security Service is concise and complete.

### Accountability

The Authority holds monthly meetings to monitor the progress toward its strategic objectives and to ensure that the affairs of the CAA and the AvSec are being conducted in accordance with the Authority's policies.

### Conflicts of Interest

The Authority maintains an *Interests Register* and ensures that the Authority Members are aware of their obligations to declare interests. This approach is also reflected in the maintenance of a conflict of interest register for staff.

<sup>1</sup> The Director and Chief Executive of the CAA are indivisible and the titles are interchangeable.

**Internal Audit**

While many of the Authority's functions have been delegated, the overall responsibility for maintaining effective systems of organisational control remains with the Authority. Internal controls include the policy systems and procedures established to provide assurance that specific objectives of the authority will be achieved. The Authority and management have acknowledged their responsibility by signing the Statement of Responsibility on page 66 of this report.

The Authority has an internal audit function that is responsible for monitoring systems of internal control in each of the CAA and AvSec. This function is concerned with the quality and reliability of financial and other information reported to the Authority. Internal Audit operates independently of management and, while it provides reports to management, its findings are passed directly to the Audit Committee.

**Risk Management**

The Authority acknowledges that it is ultimately responsible for the management of risks. The Authority has charged the Chief Executive of CAA (the Director of Civil Aviation) and the General Manager of Aviation Security Service, through its risk management policies, with establishing and operating a risk management programme in accord with the Australia/New Zealand Standard ASNZ4360: Risk Management.

**Legislative Compliance**

The Authority acknowledges its responsibility to ensure the organisation complies with all legislation. The Authority has delegated responsibility to the Director of Civil Aviation and the General Manager of the Aviation Security Service for the development and operation of a programme to systematically identify compliance issues and ensure that all staff is aware of legislative requirements that are particularly relevant to them.

**Ethics**

The Authority has developed a code of ethics and regularly monitors whether staff maintain high standards of ethical behaviours and practice the principles of 'good corporate citizenship.'

Monitoring compliance with ethical standards is done through means such as monitoring trends in complaints and disciplinary actions, internal audit reports, or any reports or indications that show non-conformance with the principles espoused in the code of ethics.

Good corporate citizenship involves this entity, including its employees, acknowledging that it is a member of many communities outside of itself and the industry it oversees and making a commitment to act in a manner consistent with the social mores and accepted rights and responsibilities of all citizens of those communities.

## Profile

# Civil Aviation Authority of New Zealand

## Overview

The Civil Aviation Authority of New Zealand (the “Authority”) was established under the Civil Aviation Act 1990 on 10 August 1992 and is deemed a Crown Entity for the purposes of the Public Finance Act. Its objective function is 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 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. The Authority reports directly to the Minister of Transport.

The regulatory obligations of the Authority are carried out by delegation to the Director of Civil Aviation, and undertaken alongside the direct statutory obligations of that office. The organisation managed by the Director of Civil Aviation is referred to herein as the CAA.

The Aviation Security Service (AvSec) carries out the Authority’s obligations to provide an aviation security service. The Authority is required to perform its functions in respect of the Service separately from its other CAA functions, including the maintenance of separate accounts, records and reports.

Until 2004, the Authority was responsible for providing Class III Search and Rescue Services. Under Section 14C of the Civil Aviation Act 1990, these services are now managed and provided by Maritime New Zealand from November 2004.

## Members of the Authority

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### Ron Tannock (Chairman)

Ron Tannock is a graduate of The University of Strathclyde, Glasgow, a Chartered Engineer and a Fellow of The Royal Aeronautical Society. Mr Tannock completed his apprenticeship in design with Scottish Aviation, and a period as a flight development engineer with Hawker Siddeley's de Havilland Division before joining the Engineering Division of National Airways Corporation (NAC). His career with NAC and Air New Zealand covered all aspects of airline operations and marketing before retiring from the position of General Manager of Operations in 2000. Mr Tannock was appointed to the Authority in 2003 and appointed Chairman of the Authority in November 2004.

### Hazel Armstrong (Deputy)

Hazel Armstrong is a Wellington based Barrister and Solicitor, specialising in personal injury litigation, employment and safety related matters. Ms Armstrong has a background in research, policy development and in the application of work place health and safety. She is a member of the Government advisory committees on work related occupational disease and employment related education. Ms Armstrong is an author of the Brooker’s publication “Personal Injury in New Zealand” and is a member of the New Zealand Law Society committee on ACC. Ms Armstrong was appointed to the Authority in 2001.

### **Darryll Park**

Darryll Park joined Air New Zealand's commercial graduate scheme in 1973, and spent his last six years with the company as South Island Manager before leaving in 1998 to establish Christchurch and Canterbury Marketing Limited, where he was CEO. He is now Managing Director and part-owner of corporate travel provider Signature Travel. He is also a Fellow of the New Zealand Institute of Management, a Director of the Canterbury Rugby Union and a member of the Institute of Directors. Mr Park was appointed to the Authority in 2003.

### **Susan Hughes**

Susan Hughes has been a partner in Govett Quilliam, Barristers and Solicitors, since 1987, and she has served on a number of government committees, including the Criminal Justice Advisory Council, The Care and Protection Resource Panel, and the Criminal Legal Aid Sub-Committee. Susan is involved in wide-ranging litigation practices, regularly appearing in multiple jurisdictions of the courts. Mrs Hughes was appointed to the Authority in 2004.

### **Robyn Reid**

Robyn Reid was part owner of a commercial helicopter business from 1983 to 2002, during which time she was Chairperson of the Helicopter Division of the Aviation Industry Association and recipient of the inaugural Director of Civil Aviation Individual Award. She has previously been a member of the Nelson/Marlborough Conservation Board and President of the Nelson Chamber of Commerce. Currently Robyn is a Director of a Warbird Restoration Company, a Director of Nelson Tasman Tourism Ltd, Chair of the Nelson Regional Economic Development Agency and a member of the New Zealand Small Business Advisory Group. Mrs Reid was appointed to the Authority in 2004.

### **Director of Civil Aviation**

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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 under the Civil Aviation Act 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 is not responsible to the Minister or the Authority.

### **John Jones**

John Jones' has been closely involved with aviation for over 40 years. As a pilot he has completed many thousands of hours in a range of aircraft including the Douglas DC3, Hawker Siddeley 748, Fokker F27, and the Aerospatiale ATR72 which he introduced to New Zealand as General Manager Operations for Mount Cook Airline in 1995. In John's 31 years with Mount Cook Airline he gained extensive management experience in airline, airfield, and flight-seeing tourism operations.

As part of his wider aviation community credentials, John is a past President of the Aviation Industry Association and a Fellow of the Royal Aeronautical Society.

John was appointed Director of Civil Aviation in 2001.

## **General Manager of the Aviation Security Service**

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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.

### **Mark Everitt**

Mark Everitt was a sworn Police Officer for 21 years, spending eight years at Police National Headquarters. He was responsible for the development of Intelligence Analysis, introducing computers to assist the management of serious crime investigations, and establishing Police Helicopter Operations, becoming the first National Co-ordinator.

Mark was appointed General Manager of the Aviation Security Service in 1993.

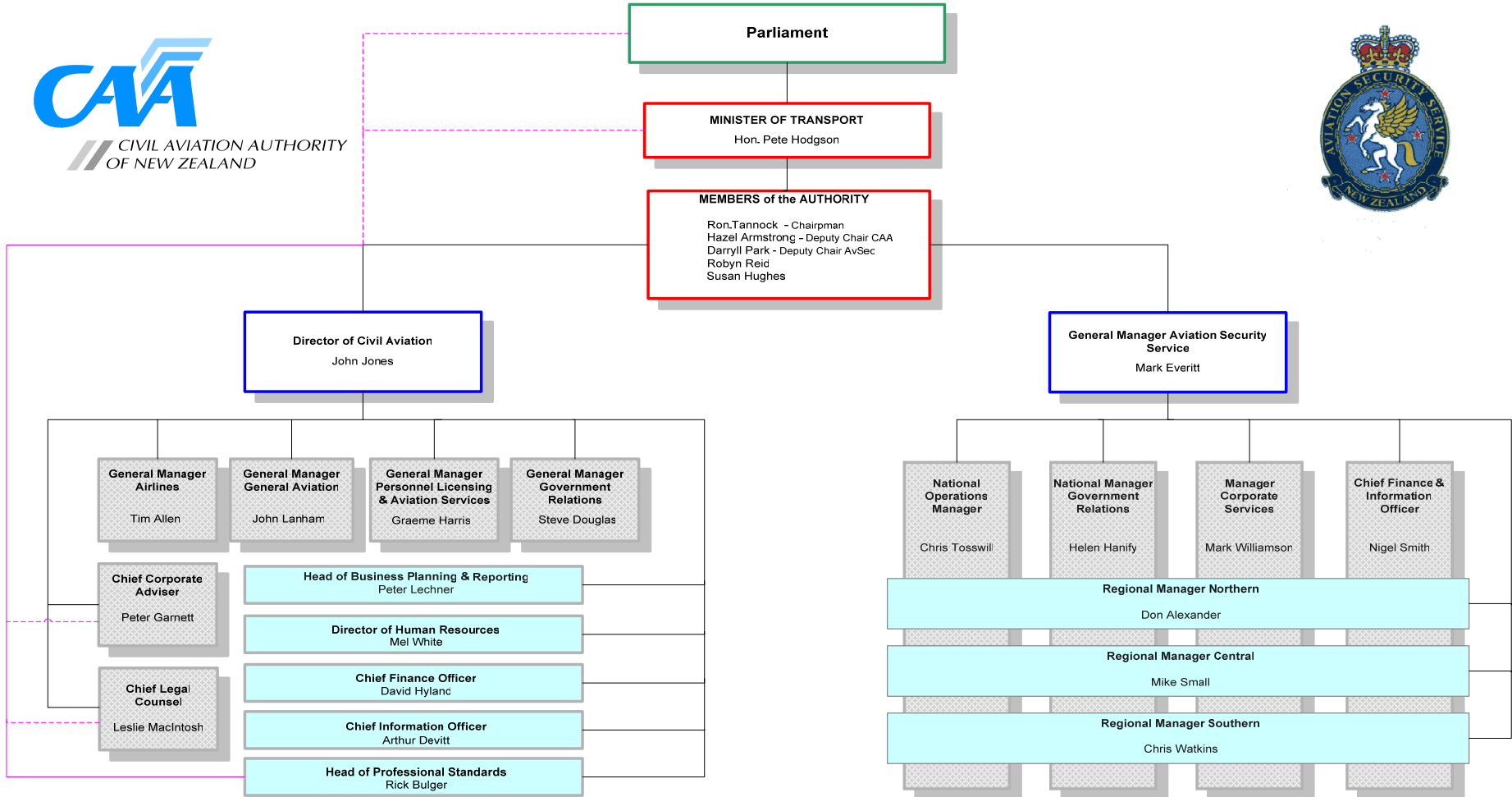
In April 2000 AvSec was recognized as the most outstanding Aviation Security Organisation in the Asia/Pacific area, with Mark Everitt receiving the individual award of outstanding Aviation Security Official. Mark is a fellow of the Royal Aeronautical Society.

Mark Everitt firmly believes in emphasising the human factor element and quality management systems in aviation security. This approach has put the New Zealand Aviation Security Service in a very strong position.



Organisational Structure

Civil Aviation Authority of New Zealand at 30 June 2005



## Directory

### Civil Aviation Authority of New Zealand



	<b>Civil Aviation Authority</b>	<b>Search and Rescue Services</b>	<b>Aviation Security Service</b>
<b>Head Office</b>	10 Hutt Road Petone  Tel: +64 4 560 9400 Fax: +64 4 569 2024	Rescue Coordination Centre of New Zealand Avalon  Tel: +64 4 914 8380 Fax: +64 4 914 8388	109 Featherston Street Wellington  Tel: +64 4 495 2430 Fax: +64 4 495 2432
<b>Airport Offices</b>	Auckland Christchurch		Auckland Christchurch Dunedin Hamilton Palmerston North Queenstown Rotorua Wellington
<b>Postal Address</b>	P O Box 31 441 Lower Hutt	PO Box 30 050 Lower Hutt	P O Box 2165 Wellington
<b>Auditor</b>	Audit New Zealand on behalf of the Auditor General		
<b>Solicitors</b>	Crown Law Office		
<b>Bankers</b>	Westpac Banking Corporation		
<b>Insurance Brokers</b>	Marsh Limited		



## **CIVIL AVIATION AUTHORITY - CAA**

## Vision, Mission, Goals

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### Vision

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New Zealand aviation free from safety and security failure.

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### Mission

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To lead and foster an environment where New Zealand aviation operates safely.

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### Strategic Goals

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1. To achieve or exceed Safety Outcome targets.
  2. To be appropriately resourced.
  3. To be professional and competent.
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### Overall Strategies

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1. Improved and consistent delivery of statutory functions.
  2. Informed identification and implementation of solutions to significant aviation problems.
  3. Introduction of specific culture change initiatives.
- 

Values
<b>Focus</b>
The CAA focus is on the safety of civil aviation in the public interest and achieving safety results that meet the test of public scrutiny. The safety of people will be paramount in any consideration.
<b>People</b>
The CAA believes that the essence of success lies in its people undertaking their responsibilities with integrity and independence. In particular: <ul style="list-style-type: none"> <li>▪ <b>Responsibility and accountability</b> - Understanding, meeting and exceeding our obligations as CAA employees.</li> <li>▪ <b>Honesty &amp; ethical conduct</b> - Being people with integrity that clients and fellow staff can trust to be open, straightforward and reliable.</li> <li>▪ <b>Fairness &amp; consistency</b> - Treating all clients and staff in a timely, fair and reasonable manner.</li> <li>▪ <b>Respect for individuals and their views</b> - Treating everyone as we would want to be treated. Earning respect in every interaction with clients, the public and other stakeholders.</li> <li>▪ <b>Teamwork</b> - Fostering energetic and innovative teamwork through achievement and a common ethos, mutual support and respect within the CAA.</li> <li>▪ <b>Enjoying the work</b> - Taking satisfaction from the work and celebrating success.</li> </ul>

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### Practice

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The CAA will undertake its responsibilities in a manner that reflects its conventions of professionalism, skill, communication and service. In particular:

- **Credibility** - Ensuring staff have the credibility needed to earn the respect of the aviation community.
  - **Capability** - Ensuring the CAA has the expertise it needs to meet its obligations.
  - **Client focus** - Creating an environment where client requirements are dealt with in a courteous and thorough manner while recognising the CAA's primary role of regulation on behalf of the public.
  - **Consultation** - Undertaking meaningful dialogue with clients and interested parties in a timely manner.
  - **Quality** - The management of systems and people in a manner that delivers optimum service quality to clients through continuous improvement.
  - **Efficiency & effectiveness** - Delivering optimal services at reasonable cost, doing work in ways that achieve the optimum balance of acceptance and national economic benefit.
  - **Recognition and Reward** - ensuring that the extra effort and performance of everyone in the CAA is recognised and rewarded in a positive and appropriate manner.
-

## CIVIL AVIATION AUTHORITY

### Outcomes and Outputs

#### Outcomes

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. Within the constraints of existing legislation, the Authority will have regard to the Government's objectives of the New Zealand Transport Strategy, which are:

- Assisting economic development
- Ensuring safety and personnel security
- Improving access and mobility
- Protecting and promoting public health
- Ensuring environmental sustainability

#### Outputs

##### *Civil Aviation Authority*

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

Output Class	Output	Source of Funding
<b>1. POLICY ADVICE</b>	Advice to Government, Legislation Development, and Maintenance of International Aviation Safety Related Agreements	Crown funded
<b>2. SAFETY ASSESSMENT &amp; CERTIFICATION</b>	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
	Management of Exemption Process	Direct fees and charges
	Aviation Community Health and Safety in Employment	Crown Contract
<b>3. SAFETY ANALYSIS AND INFORMATION</b>	Safety Investigation	Levy funded
	Safety Analysis	Levy funded
	Safety Information and Education	Levy funded
<b>4. ENFORCEMENT</b>	Responses to Regulatory Breaches	Levy funded
<b>5. SEARCH AND RESCUE</b>	Provision of Class III Search and Rescue Services	Crown funded

## CIVIL AVIATION AUTHORITY

### Director and Chief Executive's Report - CAA

The aviation environment continued to be one of growth and change, presenting a full spectrum of issues and challenges for the CAA. Changing commercial and technical dynamics in the Airline sector continued to pose new regulatory and oversight issues as did the modernising general aviation sector. Both areas received close attention over the year as did overall relationships with the aviation community.

Importantly, the CAA continued to take a positive approach to implementing the New Zealand Transport Strategy and in fulfilling its international responsibilities and bilateral development undertakings.

The following pages (23 – 53) contain an overview of development activities undertaken by the CAA during the year and their relationship to the CAA's strategic goals. Details of the more routine activities undertaken are contained in the Statement of Service Performance later in this report.

Also reported in this section are the important quantitative safety outcome results for the aviation community measured against the targets set five years ago for the year 2005. The Statement of Impacts and Consequences shows successes in many areas but also some areas where the targets were not met.

As a very important part of the further enhancement of safety and security in the aviation community, the CAA has done work on the development of measures to evaluate the social cost of aviation accidents is set out. This work has provided the basis for the new safety outcome targets for 2010 set out in the Statement of Intent for 2005/2006.

### General Overview

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#### Strategic Goal One - To achieve or exceed Safety Outcome targets

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- a. *The CAA will strive to achieve a reduction in the accidents rates in defined areas of the aviation community to, or better than the 2005 and developing 2010 safety targets. To assist the industry achieve these targets, the CAA intends to continue to undertake effective and efficient safety risk management in both contracted and non-contracted aviation segments.*
- 

As stated above, the core or routine work of the CAA is its surveillance, auditing and certification of individuals and organisations in the aviation community. This forms the key thrust in seeking to mitigate aviation safety risk. The Statement of Impacts and Consequences (pages 37 - 50) show successes in many aviation categories but also shows some areas where the targets were not met. However, in meeting its obligations the CAA undertook specific change and development during the year in support as part of the larger effort to achieve this goal:

#### ***Joint Project to Improve Risk Management in General Aviation***

A Memorandum of Understanding between the Aviation Industry Association, the Accident Compensation Corporation (ACC) and the CAA was signed last year to facilitate the joint

objective of effecting a reduction in general aviation accidents and to improve injury prevention.

The initiatives being implemented involve education of existing and ab-initio pilots, their employing organisations, ongoing reinforcement of this education, modification of regulatory criteria and use of appropriate technology. Considerable work has been undertaken in the production of a set of nine DVDs. The first DVD, Risk Management in Aviation was released in December 2004. The second DVD, Aviation Decision Making is due to be released in August 2005. The initiatives carry the joint brand of AIRCARE and are intended to provide a visible commitment to a common purpose and the alignment of activities to be undertaken by the parties.

### ***Taupo Airspace Review***

A consultative and comprehensive review of the use of Taupo aerodrome and associated airspace was completed during the year. The final recommendations from the review were made in November 2004. Of the 25 recommendations to mitigate the safety risk at Taupo, almost all were accepted, with the exception of those that contemplated the implementation of a Flight Service operation. Further research on these issues is being considered for next year, including studies of overseas experience in this area. Experience from the Taupo review will assist in developing reviews of other aerodromes.

### ***Meteorological Services for General Aviation***

During August 2004 the CAA began sponsoring the MetService's web based aviation meteorology product called Met-Flight-GA. The aim of the CAA sponsorship is to reduce the weather related risk of general aviation private operations of aircraft about or less than 10,000 feet. It is also being made available to flight training organisations. As at June 2005 there were over 3,000 subscribers to the system.

Provision of meteorology services to commercial general aviation and airline operations continues to be undertaken on a contractual basis by MetService under their Civil Aviation Rule Part 174 certification for the supply of aviation meteorological services.

### ***Health and Safety in Employment Responsibilities***

Significant progress has been made in educating and informing aviation industry members of their responsibilities under the Health and Safety in Employment Act 1992 (HSE), and a formal audit and inspection programme has been put in place. Using the experience gained since designation two years ago, the CAA had upgraded and amended its internal governing policy and procedures and updated both the Memorandum of Understanding and the Operational Agreement it has with the Department of Labour.

### ***Visual Navigation Charts***

New Visual Navigation Charts (VNC) were issued in November 2004 encompassing the required changes and improvements following consultation programmes held after the introduction of the new style charts in January 2003. These new charts are expected to assist in the safe planning and conduct of VFR flight operations, both commercial and private.

### ***Law Enforcement Programme***

As part of raising safety and security standards within the aviation sector and to ensure the public interest, the CAA investigates public complaints and determines the appropriate method of achieving compliance with respect to each complaint.



This year 96 comprehensive investigations were completed. This resulted in 27 prosecutions being commenced, 31 official warnings being issued, 44 cases established that there was insufficient evidence to substantiate the allegation and 4 cases were referred to other agencies. Of all enforcement prosecutions completed, 96% resulted in a conviction and the remaining 4% were disposed of by means of diversion. There is clear evidence to suggest that prosecutions leading to a conviction are quickly communicated throughout the aviation sector and are therefore achieving the desired deterrent effect.

### ***Safety Targets***

The CAA has been working for some time on the development of measures to assist in better understanding the range and quantum of aviation safety failure and to assist in the more accurate targeting of safety remedies. A new set of safety targets was developed over the period and these are now encompassed within the CAA portion of the Authority's Statement of Intent for 2005-2006/2007-2008.

An overview of the CAA's work in the area of the social costs of accidents is set out on pages 47-50.

### ***Security Initiatives***

In partnership with other government agencies and the aviation community, the CAA has continued to monitor developments throughout the year in the domestic and international security environments to ensure an appropriate level of security is applied to flights from and within New Zealand.

Regulatory implementation of Hold Baggage Screening (HBS) for international passenger flights is required by 1 January 2006 as part of changes to the Chicago Convention (ICAO) Annex 17 standards. Responsibility for the implementation rests with the various stakeholders, with the CAA's role now being that of standard identification and regulatory oversight.

Implementation of other legislative issues identified during the urgent Ministerial Review process in late 2001 and new Annex 17 standards remains ongoing. These include the Airport Identity Card system and provisions for random screening of persons, other than passengers, in security restricted areas at international airports. Legislative work on these particular aspects is being co-ordinated by the Ministry of Transport with ongoing input from the CAA and other stakeholders.

### ***Security Threat Environment***

At a global level, transportation and civil aviation in particular, remains a favoured target of terrorists. While there is no known specific threat to New Zealand's aviation interests either within New Zealand or internationally, the overall international threat against civil aviation is significant, and will probably remain at that level for the foreseeable future. No State, including New Zealand, can afford to be complacent.

Additionally, while New Zealand airlines or international aviation interests are not known to be a specific target of extremists, collateral damage could be sustained as a result of an overseas attack. However, it is noted that the threat level can change significantly at any time. Continuing tensions in some regions of the world provide a potential catalyst for future terrorist activity that may concern New Zealand directly or indirectly.

The CAA remains concerned about the potential vulnerability of many smaller Pacific Islands States to terrorist infiltration and attack due to a range of capability and capacity issues but at this stage they are not the subject of any known specific threat.

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- b. *The CAA will work with the Ministry of Transport and industry to ensure that the prevailing Legislation, Rules and associated material are appropriate and current.*
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The CAA continues to provide the primary research and drivers for the development of civil aviation Rules. In this regard a programme of development is agreed each year with the Ministry of Transport who fund the work. The following rules and information documents were developed by the CAA during the year:

**Final Rules** signed by the Minister of Transport:

- Part 71 Designation of airspace (re-issue)
- Parts 121/125/135 Passenger, crew and baggage weights

Consequential amendments to the following rule parts:

Part 1	Definitions and Abbreviations
Part 19	Transition Rules
Part 73	Special Use Airspace (revoked)
Part 77	Objects and Activities Affecting Navigable Airspace
Part 91	General Operating and Flight Rules
Part 101	Gyro gliders, Para-sails, Unmanned Balloons, Kites and Model Aircraft – Operating Rules
Part 105	Parachuting – Operating Rules
Part 172	Air Traffic Service Organisations - Certification

**Draft Final Rules** forwarded to the Ministry of Transport for review:

- Part 93 (Right Hand Circuits)
- Part 61 (Stage 1) Pilot Licences and Ratings
- Part 108 Air operator security programme (hold baggage requirements)

**Draft Notices of Proposed Rule Making (NPRM)** forwarded to the Ministry of Transport:

- Part 109 Air Cargo Security (new rule part)
- Omnibus Project
- Part 43 General Maintenance (Stages 1, 2 and 3)

A number of **Advisory Circulars** were published throughout the year covering a range of Civil Aviation Rules.

***Rules Review Implementation Project***

The Rules Review Implementation project was established by the CAA in late 2003 to implement the recommendations of the Scholtens review. Main activity during the year has been the development of processes and documentation for each phase of the new rules development process and consultation with the aviation community. A successful risk management seminar was held in March 2005 to jointly develop a set of guidelines to be used during the issue assessment phase.

Terms of reference were drafted defining the roles of the new participating groups including agreement on the Aviation Community Advisory Group (ACAG), paving the way for the establishment of this group.

### ***Airspace***

Rule Parts 71 and 73 that deal with the designation and classification of airspace have been reviewed and combined into a re-issued Part 71. The reissue of Part 71 was signed by the Minister for Transport Safety in July 2004 and the rules came into force in August 2004.

### ***Crew, Passenger, and Baggage Weights***

The CAA updated Rule Parts 121, 125, and 135 regarding the weight and balance requirements for air operations. This included amendments to the standard weight for passengers following a comprehensive survey of passengers undertaken by the CAA during the previous year. The updated rules, which also provide greater flexibility for air operators in determining the take off weight for aircraft, were signed in July 2004 and became effective in August 2004.

### ***Pilot Licences and Ratings***

The draft Final Rule for the first stage of the Part 61 rule amendment project was forwarded to the Ministry of Transport in April 2005. This draft Final Rule makes amendments to Civil Aviation Rule Part 61, Pilot Licences and Ratings, along with associated changes to Parts 1, 19, 104, 121, 125, and 135 relating to pilot licences. This draft Final Rule is the first stage of a three stage implementation of changes to Part 61 personnel licensing requirements that address issues of pilot training. The amendments in the draft Final Rule are designed to raise pilot training standards and clarify pilot licensing requirements. Amendments address a range of rule requirements including written examinations, log books, Biennial Flight Reviews and aircraft type ratings. NPRMs for Stages 2 and 3 are expected to be completed by the end of October 2005.

### ***Air Operator Security Programme (Hold Baggage Screening)***

Amendment 4 to Part 108 will implement the International Civil Aviation Organisation (ICAO) standards, prescribed in Annex 17 – Security, regarding security controls for hold baggage that is intended to be carried on international flights. Other amendments include provisions for additional security requirements to be applied to domestic air operations if there is an increased security risk, a clarification of the rules relating to the carriage of persons in custody, and additional requirements to prevent unauthorised persons from entering the flight deck of an aircraft. The associated changes to Part 1 have regard to definitions for the various types of baggage. The rule amendment will come into force on 1 January 2006.

### ***Air Cargo Security***

A draft NPRM for Part 109 - Air Cargo Security, was submitted to the Ministry of Transport for assessment in April 2005. The purpose of this proposed Rule is to implement New Zealand's international security obligations under Annex 17 to the Chicago Convention (ICAO) which is to ensure that cargo and mail that is intended for carriage on passenger flights is subjected to appropriate security controls. Publication of the NPRM for public consultation has been delayed to coincide with a change to the Civil Aviation Act relating to background vetting and is now expected to occur mid-2006.

### ***Omnibus Project***

The draft Omnibus NPRM published in June 2005 contained proposed amendments to address editorial, grammatical and minor technical issues that have been found in various Civil Aviation Rules. Several current and outstanding rule making petitions are included in the draft NPRM as they required only minor rule amendment. Affected rule parts are Parts 1, 12, 19, 63, 65, 66, 77, 91, 92, 101, 103, 104, 105, 119, 121, 125, 129, 133, 135, 139, 140, 171, 172, 174, and 175.

### ***General Maintenance Rules***

Three NPRM which proposed amendments to various Rule Parts relating to aircraft maintenance and airworthiness requirements were published for public consultation in May 2005. These proposed amendments are based upon an extensive review of existing maintenance and airworthiness related rules, CAA findings and industry submissions. Sixteen separate Rule Parts are affected by this review of the maintenance and airworthiness requirements and, for simplicity they have been split into three NPRM's.

- 
- c. The CAA will continue to monitor the development of new technology in aviation and to ensure there is timely and appropriate regulatory or other response to ensure safety risk is managed.*
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The world of aviation is influenced at all levels between design and operation by the increasingly rapid technological advances in society. It is imperative for the CAA to remain effective that it works with the aviation community in the application of new technology while protecting the public interests in safety and security. The example set out below illustrates the CAA's willingness and capability to do this:

### ***New Jet Aircraft***

The year was one of intense activity in the airline sector with the Air New Zealand Group introducing a number of significant equipment and organisational changes that included:

- a major retrofit to the Boeing 747;
- the introduction of the Boeing 777, Airbus 320, and Bombardier Q300;
- the installation of simulators for the Boeing B777 and Bombardier Q300; and
- a top-down re-structure of engineering services.

Air New Zealand has also contracted to Boeing to be a launch customer for the new Boeing B787, a process with which CAA maintenance and certification personnel are already involved.

These changes and the introduction of new aircraft types to New Zealand have been challenging to the CAA but in every case the CAA promptly met its obligations.

### ***Unmanned Aerial Vehicles***

There has been significant development in the area of unmanned aerial vehicles (UAVs) over the last decade or so and these aircraft are rapidly being deployed to various civilian operations overseas and increasingly in New Zealand.

The CAA has participated in various local and overseas forums looking at the nature of the technology and the issues posed for regulators. The risks posed by UAVs and their oversight will continue to be reviewed by the CAA.

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

Education and promotion remain key tools for the CAA in the mitigation of safety risk. A mature capability exists within the CAA to use these tools and a number of associated initiatives have been undertaken during the year:

### ***Summer Safety Initiatives Programme***

The CAA successfully completed its annual Summer Safety Initiatives Programme, concentrating on fixed wing parachute operations and helicopter frost protection operations. The aim of the latter programme was to ensure that the risk posed by the night use of helicopters in relatively close proximity and at low altitude was conducted as safely as possible.

Parachuting operations are a growing adventure tourism component and the CAA's objective in the programme was to ensure that such operations were conducted both in terms of best international practice and with regard to better than minimum regulatory standards.

### ***General Aviation Advisory Circulars and Booklets***

As part of the aviation community's safety led initiatives, CAA initiated a Good Aviation Practice (GAP) booklet and accompanying DVD with respect to informing the public of safety issues around helicopters. This project is due to be completed later in 2005.

The following new publications were produced and distributed through the year:

- CAA Profile 2004
- How to Secure Your Aircraft

The following new videos were produced and distributed through the year:

- Passenger Briefing
- Airspace and the VFR Pilot

Publications and posters revised during the year included:

- Winter Flying
- New Zealand Airspace
- How to be a Pilot
- Advice to Travellers Leaflet
- Weather Services Card
- New Zealand Airspace
- Civil Aviation Rules and Advisory Circulars
- Release to Service Checklist
- Dangerous Goods (Cargo)
- Checked Your ELT?
- Safety on the Apron

In addition a number of Advisory Circulars due for completion in 2006 have been commenced to improve best practice including:

- To Rule Part 137 that would support a requirement for all Part 137 Agricultural Aircraft operators to have an agricultural operators manual. The Manual would address outstanding issues in agricultural operations, including agricultural overload, fatigue management, chief pilot supervision and Senior Person responsibilities;
- Single Pilot Instrument Flight Rules(SPIFR) operational procedures which will offer CAA recommended practice in SPIFR procedures;
- A Mountain Flying Advisory Circular aimed at commercial and private companies to provide best practice guidelines for fixed wing and rotary wing aircraft; and
- Piston Engine Escalation Programme, a project to give guidelines to assist operators in developing approved procedures for escalating the engine overhaul life of their engines.

### ***General Aviation Seminars, Courses and Workshops***

During the period a number of workshop and seminar projects were completed and some initiated. The objective of these programmes was to increase awareness of applied standards and ensure participants understood their practical and legal obligations. The programme included:

- Four nationwide Maintenance Controllers course completed in 2005;
- Eight nationwide Airmanship Confidence Experience (ACE) Days completed over the year. These workshops were aimed at spin recognition and recovery with particular emphasis on recreational operations and pilots to raise awareness;
- Three Flight Instructor seminars aimed at lifting standards of flight instruction for conventional aircraft and micro-lights; and
- A seminar conducted for the Sport Aircraft Association on operator responsibilities completed during the summer 2005.

Further development was undertaken of the Chief Pilots course for Part 119/135 operators, similar to the very successful Maintenance Controllers' courses.

### ***Training Initiative***

A CAA project, partly supported by Aviation Services Limited, was initiated to review current standards of training for light twin private and commercial operations. The purpose is to review, establish where necessary and improve standards of light multi engine aircraft type ratings issued by flight instructors and Part 135 operators and to establish a robust syllabus that has CAA approval.

## **Strategic Goal Two - To be appropriately resourced**

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- a. The CAA will continue to work on the development of a funding system that meets the dynamic needs of the organisation. It will maintain an acceptable financial position through the sound management of its funding regime, adequate financial reserves for response to unforeseen events and the maintenance of the requisite level of taxpayer equity.
  - b. The CAA will ensure that it maintains a level of resources that meet the dynamic needs of the organisation. It will ensure resources are focused on operations that will bring most progress toward the goals of the organisation.
- 

The CAA must contain its costs and operations within its means as does any Government organisation. However, unlike many, the CAA is very largely dependent on third party revenue and income generated by levies on aircraft operators. With the changing and sometimes fickle nature of the aviation industry the CAA is acutely aware of the risk in its dependence on these income streams and continues to work to mitigate this risk.

### ***Funding Review***

A Funding Review was initiated in 2003/2004 to evaluate and assess the best means of funding the CAA. This review process began with an initial assessment of the costs of CAA obligations and comparison of funding streams and the financial structures of similar authorities overseas

Ongoing work on the Review was deferred during 2004/2005 for two reasons. Firstly, it was necessary to enable the CAA to work through the implications of the Civil Aviation Amendment Act that came into effect on 1 December 2004. These amendments implemented the results of the Government Transport Sector Review. Secondly, early in 2005 with the support of the Civil Aviation Authority, an internal review of the CAA was initiated and it was decided that the Funding Review would be deferred until it is completed. It is anticipated that the Funding Review will commence in early 2006.

### ***Third Party Revenue***

During the period the CAA worked intensively carrying out the recertification of a number of airline operators. The recertification effort has resulted in the reallocation of some resource and a shift in focus from routine audit to recertification for some operators. As a consequence, there has been a corresponding increase in fee based non-audit revenue and a decrease in audit revenue from that budgeted.

### ***Management controls***

There were no dramatic changes to the focus and application of management controls in the CAA over the period. Debt management has not been an issue at the level it has been in previous years.

Nevertheless, during the period the CAA Executive and the Authority Members embarked on a process to ensure that the flow of management information regarding the CAA is clearly understood and that the nature of information remains robust enough to properly support management and the Authority's decision making.

### **Strategic Goal Three - To be professional and competent**

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- a. The CAA will develop and implement management systems that meet or exceed industry best practice.
  - b. The CAA will ensure that continuous improvement concepts are well understood and integrated organisation wide. It will improve the cost efficient delivery of services to clients through prudent resource management, productivity initiatives, continuous evaluation of costs and charges. It will also optimise services to clients and support systems through the ongoing development of quality management systems, effective communication, and the maintenance of appropriate ISO certification.
  - c. The CAA will continue to focus on meeting or exceeding the legitimate needs of stakeholders. It will achieve common purpose and direction, organisational culture and a greater business ethic through leadership, open internal dialogue, and managed planning, implementation and performance monitoring.
  - d. The CAA will ensure that its management and technical systems meet the changing needs of the organisation.
- 

The CAA is a modern and slim organisation. Physical assets are kept at a minimum allowing maximum flexibility in the application of effort from staff in carrying out their duties. Where possible and appropriate, the CAA automates business systems using stable technology. The management systems and philosophies are similarly under periodic review to establish the most effective and efficient management processes. External factors also come to bear on the organisation and these are assessed and incorporated where necessary:

#### ***Transport Sector Change***

The recommendations of the 2003/2004 Government Transport Sector review were incorporated in various transport legislation in late 2004. The Civil Aviation Act 1990 was amended in December 2004 to include changes in Authority responsibilities and span of oversight, and to align operations more closely with the New Zealand Transport Strategy (NZTS).

As a result of these changes the CAA has been working very closely with other transport agencies and reviewing its own operations against its new and wider obligations.

Through the period the CAA has continued to implement changes to its internal and external planning documents to ensure the requirements and objectives of the NZTS and the amended Civil Aviation Act are covered to the best extent possible.

This process continues in an iterative fashion as the practical potentials of these strategies are developed between the associated agencies, including the CAA, through the work of the Planning Task Force and Board Reference Group. It is expected that the real engagement mechanism to direct the cross-modal part of the work of the CAA will be defined in the Transport Sector Strategic Directions Document (TSSD) that is expected to be completed and ratified by the Minister of Transport later in 2005. The TSSD will then feed directly into the CAA's own planning processes.

#### ***Planning***

During the year CAA Executive Management took the opportunity to join with an initiative of the Authority Members to thoroughly review the strategic plans of the organisation. The process was iterative with the results from separate work sessions melded together in a conjoint review.



The process subtly and, in some areas significantly changed the CAA's headline strategic statements and expectations. A new vision was adopted incorporating the key objectives of the NZTS; the CAA mission was changed to more accurately reflect the key domestic and international responsibilities of the CAA; a set of 7 key strategic objectives were adopted that clearly describe the focus of the work of the CAA; and a set of 5 key strategies defined to guide the work of the CAA. These changes have been applied to the CAA's Business Plan for 2005/2006 and are reflected in the Statement of Intent for the same period.

### ***Office of the Auditor General***

The Office of the Auditor-General released its report on CAA Auditing and Certification in June this year and made 10 Recommendations for improvements in the CAA processes. The CAA now has two major projects underway that will result in the improvements highlighted in the report as being necessary. These significant projects have been covered in the Chairman's report set out above.

### ***Injury Information Network***

The CAA continues to take a significant role in the development of injury information data standards. Other organisations involved in this initiative include Statistics NZ, ACC, the Department of Health and each of the transport sector regulator agencies (refer to page 47-50 for further developmental information on the social costs of accidents).

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- e. The CAA will strive to be recognised as a leader in its field both in New Zealand and worldwide and it will seek to achieve harmonisation of its Rules, standards and practices particularly with Pacific Rim countries.
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The CAA continues to be seen as an important authority in the global development of aviation. It represents New Zealand interests and progressive development of regulatory and oversight systems well in the various international forums. The perspective of the CAA is often sought by much larger national authorities and its bilateral and multi lateral work widely commended:

### ***ICAO Universal Safety Oversight Audit***

In preparation for the Safety Oversight Audit of New Zealand by the International Civil Aviation Organisation, scheduled to take place in March 2006, pre-audit documentation consisting of a State Aviation Activity Questionnaire and Annex Compliance Checklists was submitted to the ICAO Safety Oversight Audit Office on 1 June 2005.

This is a very extensive set of documentation and it will be maintained in a "current" form over time until the on-site audit by ICAO experts is initiated.

### ***Bilateral Arrangements***

The CAA participated in a number of successful bilateral arrangements with other authorities to the substantial benefit of the New Zealand industry. The arrangements with the Federal Aviation Authority (FAA) concerned the design and repair of large aircraft, particularly the retrofit of the Boeing 747 and discussions with European Aviation Security Agency (EASA) where substantial progress toward the recognition of certification standards of each authority by the other has been made. In addition, assessment tasks and meetings have also been carried out with regards to the mutual recognition between the CAA and FAA on Part 145 maintenance activities.

### ***US/NZ Bilateral Aviation Safety Agreements***

Positive progress was made on development of the existing Bilateral Aviation Safety Agreement (BASA) in the areas of airworthiness and maintenance. The CAA's joint work followed the commitment made by the FAA at the 2004 Bilateral Partners meeting to develop the US/NZ BASA.

The existing implementation procedures for airworthiness can now be extended to cover the acceptance of repair designs incorporated on transport category (large) aircraft following a successful evaluation of the New Zealand system conducted by the FAA in December 2004. A similar and more extensive "shadow certification" process conducted by the FAA in 2005 has added the acceptance of New Zealand Supplemental Type Certificates (STC) to the scope of the BASA, in the area of large aircraft cabin interior design.

The CAA held discussions with the FAA in November 2004 and June 2005, including a joint audit of Part 145 maintenance organisation, as part of the development of a new maintenance agreement.

### ***Australia/New Zealand Mutual Recognition Progress***

The Civil Aviation Legislation Amendment (Mutual Recognition with New Zealand) Bill 2005 was introduced to the Australian Senate on 23 June 2005. The legislation, which mirrors legislation enacted in Part 1A of the New Zealand Civil Aviation Act, provides for the mutual acceptance of air operator certificates issued by the CAA and Civil Aviation Safety Authority (CASA) for domestic operations in each country<sup>2</sup>.

A high level agreement, and an authority to authority operational agreement have been developed to support new arrangements in anticipation of the passage of the legislation in Australia.

### ***EASA Technical Arrangement***

Work commenced on the development of a new Technical Arrangement between the CAA and the EASA. An EASA team visited the CAA in February 2005 to conduct an evaluation of the New Zealand system for aircraft production and certification. The successful outcome of this "confidence building" process enabled another EASA team to evaluate the CAA type certification of the PAC 750 XL aircraft towards the issue of an EASA type certificate for that aircraft.

### ***Meteorological Services for International Aviation***

As the designated Meteorological Authority under Annex 3 to the Chicago Convention (ICAO), the CAA has had an arrangement since 1994 with Meteorological Service of New Zealand Limited (MetService) for providing the meteorological information and services needed by international civil aviation operating in and through New Zealand airspace. This relationship continues very successfully with the contract for the supply of these services reviewed and a new contract signed.

As part of the contract, MetService operates an International Airways Volcano Watch (IAVW) and a Volcanic Ash Advisory Centre (VAAC) covering a large area southward of the Equator, one of nine such centres serving various regions of the globe. New Zealand's

<sup>2</sup> Australia New Zealand Aviation Air Operator Certificates ('ANZA' AOC's).

experience and standing in the field has been recognised with the CAA delegate being elected Chair of the ICAO IAVW Study Group. This group is charged with the development of the global IAVW warning system for volcanic ash, radiological and other toxic material released into the atmosphere.

### ***Radio Spectrum***

The CAA continued its participation with the New Zealand Radio Sector through the consultative body established by New Zealand's International Telecommunications Union signatory, the Ministry of Economic Development, to formulate New Zealand's contribution to the work of the Union. To enhance and extend the effectiveness of that participation to the wider aviation community the CAA established the Aviation Spectrum Group (ASG) which held its inaugural meeting in July 2004.

The ASG provides a forum for the discussion, coordination and formulation of views from the New Zealand aviation sector, including both airline and general aviation communities, on matters related to the radio frequency spectrum and its uses for air to ground communications, navigation and surveillance activities.

### ***Pacific Aviation Safety Organisation (PASO)***

Following the CAA confirming membership of PASO, the CAA participated in the first meeting of the new international organisation in May 2005, where the General Manager was appointed and approval given to seek an Asian Development Bank Loan to initialise operations.

- 
- f. The CAA will ensure that legal and legislative compliance risks for the short and long term are appropriately managed.
- 

The CAA continues to maintain two important legal registers to manage legal risk for the organisation. The first is the Conflict of Interest Register whereby the interests of all staff in the aviation or related fields is registered and managed. The second is the legal compliance programme which ensures that the CAA is aware of and is managed with respect to all prevailing statutory requirements.

- 
- g. The CAA will ensure that its people undertake their responsibilities efficiently and effectively. This will be achieved through good people management including proactive recruitment, performance appraisal, training, recognition and reward of extra effort and performance, secondment within the aviation community and succession planning so that individual capacity is enhanced.
- h. The CAA will develop leadership concepts and seek to have effective and pragmatic leadership demonstrated at all levels of the organisation.
- 

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

### ***Staff Numbers***

	<b>2003/2004</b>	<b>2004/2005</b>	<b>Variance</b>
Women	51	50	-1
Men	125	128	+3
<b>Total</b>	<b>176</b>	<b>178</b>	<b>+2</b>

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### ***Employment Agreements***

The CAA continues to maintain and update documented employment agreements for all staff. These agreements define the terms and conditions of employment with the CAA. In addition to Individual Employment Agreements, the CAA also has a Collective Agreement with the Public Service Association.

### ***Equal Employment Opportunities***

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

### ***Employee Assistance Programme***

The CAA offers its employees assistance through the Employee Assistance Programme (EAP).

### ***Corporate Wellness Programme***

The Corporate Wellness Programme introduced in June 2003 continues to be well received by CAA staff. This programme is aimed at proactively identifying and addressing potential issues facing the CAA in terms of employee health and wellness. The CAA developed a set of health-related activities and initiatives that together make up a workplace health 'package' which focuses on achieving an improvement in employee health and fitness, and reducing the level of workplace stress through an improvement in the coping capabilities of staff. Initiatives undertaken during the period include: healthy diet, healthy heart, summer time fitness, stress identification and management programme, and "beating the winter blues." As a result of the programme the CAA was nominated as a finalist in two categories of the EEO Trust Work and Life Awards 2005.

### ***CAA Way***

The development of leadership and communication skills has continued in line with the continuing development of the internal CAA culture. The major initiative in this area is the continuation of the CAA Leadership and Communication programme with managers and staff. The aim is to ensure employees recognise their responsibilities and carry them out in a professional and collegial manner and in a way that is easily recognisable to clients as progressive and helpful.

### ***Maori Perspective***

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

### ***Training***

CAA managers are responsible for the planning and allocation of technical training for staff. However, the co-ordination of non-technical training and the Study Assistance Programme is managed centrally. Since the introduction of a new performance management system in February 2003, managers and staff have continued to work together to establish development plans in accordance with a set of revised core competencies.

## Statement of Impacts and Consequences

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### Commentary

The aviation safety outcome measures, which relate to the Government's desired outcomes to which the Civil Aviation Authority must contribute, were established in 1993/1994.

As the CAA is only one contributor to the achievement of such targets, various aviation industry representative organisations have been consulted on these or other possible targets and ways to reduce accident rates and improve levels of safety. While full agreement on these aviation accident rates has not been achieved, accident rate reduction targets have subsequently been established for specific categories of operations and aircraft for achievement by the year 2005.

Improvements continue to be made in the collection of data related to aviation safety outcome measures and the CAA's analytical tools to assess such data, and to identify causal factors and underlying trends.

### Outcome Measures

The Authority recognizes the Government's vision for transport that by 2010 New Zealand will have an affordable, integrated, safe, responsive, and sustainable transport system. Within the constraints of existing legislation, the Authority will have regard to the Government's objectives of the New Zealand Transport Strategy, which are:

- Assisting economic development
- Ensuring safety and personnel security
- Improving access and mobility
- Protecting and promoting public health
- Ensuring environmental sustainability

The overall aviation safety measures relating directly to the outcomes above, are the rates of the following compared to established targets:

- aircraft accidents<sup>3</sup>;
- aircraft incidents<sup>4</sup>;
- airspace incidents;
- aircraft defects; and
- level of industry safety performance.

The objective of these measures is to identify:

- the safety performance of the aviation industry;
- areas where action needs to be taken by the CAA; and

<sup>3</sup> 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."

<sup>4</sup> Incident is also defined in section 2 of the Act as meaning "any occurrence, other than an accident, that is associated with the operation of an aircraft and affects or could affect the safety of operation."

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

### **Outcome Results**

The significance of reporting trends cannot be determined using current systems. This means there is currently no means of determining if a changing trend represents a change in actual safety performance or a change in reporting patterns by industry.

A project is underway that continues to develop a defined degree of confidence in the level of industry reporting. This will allow the significance of reporting trends to be determined, allowing appropriate action to be initiated when required.

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

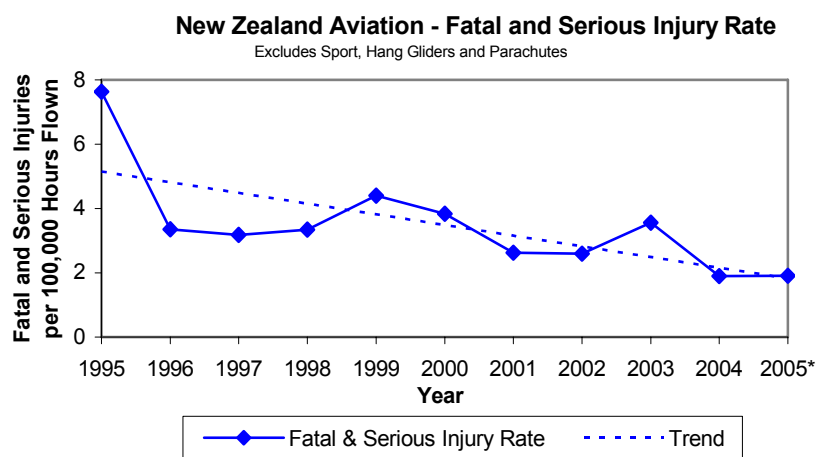
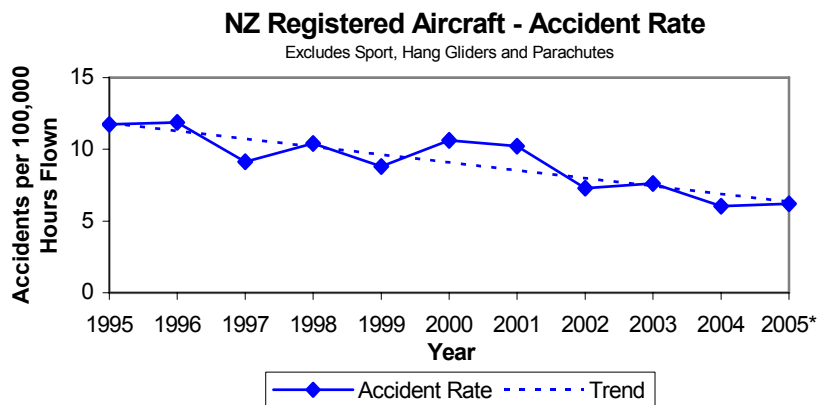
- *the CAA is only one contributor to the achievement of these targets, with the aviation industry being the major contributor;*
- *while consultation with the aviation industry has taken place on the setting of the aviation accident targets, full agreement has not been possible as some sectors of the industry do not consider such targets to be necessary or desirable;*
- *the community's expectations in terms of acceptable levels of safety have not yet been established;*
- *while benchmarking against other countries' rates is a useful measure, it still must be decided whether the rates achieved by these other countries are acceptable in the New Zealand environment;*
- *in future safety target setting will take place in a multi-model framework intended to reflect the Government's transport goals; while benchmarking against other countries' rates is a useful measure, it still must be decided whether the rates achieved by these other countries are acceptable in the New Zealand environment;*
- *during the later part of calendar 2004 and early 2005 new safety outcome targets were established for achievement by the year 2010.*

## **Aircraft Accidents**

### **Overall Accidents and Injuries**

AIRCRAFT WEIGHT BREAK	ALL ACCIDENTS		FATAL ACCIDENTS	
	2004/2005	2003/2004	2004/2005	2003/2004
13,608 kg and above revenue passenger and freight	0	1	0	1
5,670 to 13,608 kg revenue passenger and freight	1	0	1	0
2,721 to 5,670 kg revenue passenger and freight	0	1	0	0
Below 2,721 kg revenue passenger and freight	4	1	3	0
Below 2,721 kg revenue other	11	17	2	3
Below 2,721 kg non-revenue	22	15	0	2
Helicopters revenue passenger and freight	1	2	0	0
Helicopters revenue other	9	9	0	0
Helicopters non-revenue	5	8	0	4

Note: Excludes 'revenue other' and 'non-revenue' accidents in the 13,608 kg and above, 5,670 to 13,608 kg, and 2,721 to 5,670 kg groups



Note. \* Data to June 2005 (other years represent full calendar years)

**Fixed Wing Aircraft Sector**

***Fixed Wing Aircraft Sector Targets***

- Target:*
1. A downward trend in the rate of aircraft accidents involving fixed wing aircraft.
  2. By the year 2005, to reduce the rate of aircraft accidents involving fixed wing aircraft as shown in the table below.

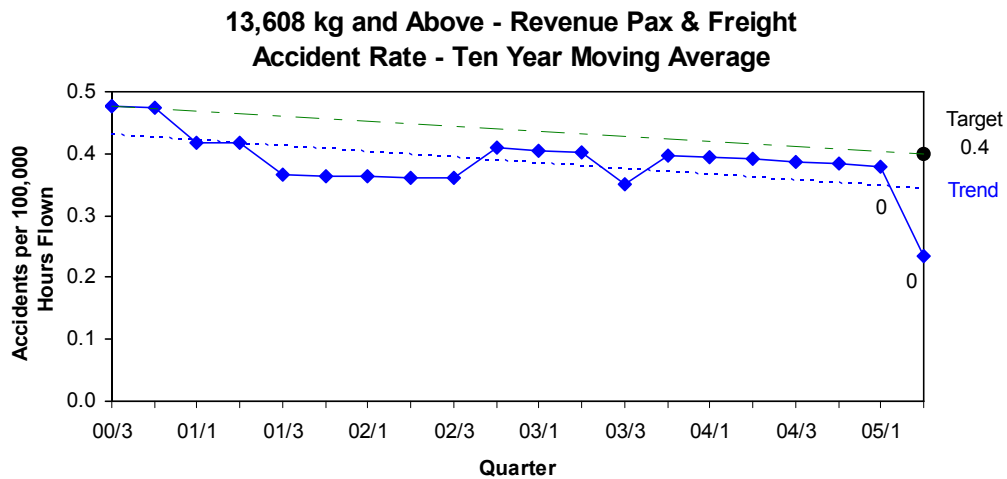
*Measure:* The number of accidents per 100,000 flight hours with reports based on the types of operation and aircraft weight breaks.

**Fixed Wing Aircraft Sector Tabulated Result**

TYPE OF OPERATION	AIRCRAFT WEIGHT BREAK	MOVING AVERAGE	ACCIDENTS PER 100,000 FLIGHT HOURS BY YEAR 2005		LONG-TERM ACCIDENTS PER 100,000 FLIGHT HOURS	
			Target	Achieved 04/05	Target	Achieved 04/05
Commercial passenger and freight air transport operations	13,608kg and above	10 years	0.4	0.2	Trending down	Trending down
	5,760 to 13,608kg	10 years	0.5	0.3	Trending down	Trending down
	2,721 to 5,670kg	5 years	5	6.8	Trending down	Trending up
	Below 2,721kg	12 months	7	14.3	Trending down	Trending down
Commercial other than passenger and freight air transport operations	Below 2,721kg	12 months	7	5.9	Trending down	Trending down
Private non-revenue	Below 2,721kg	12 months	21	40.2	Trending down	Trending down

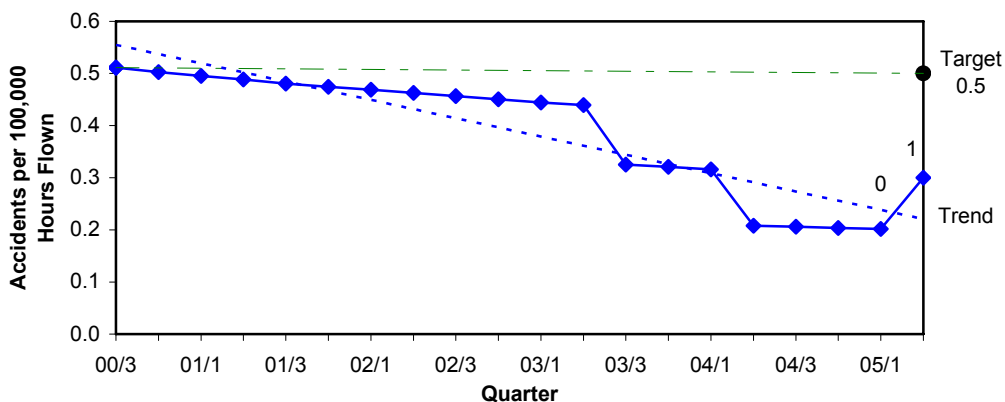
**Fixed Wing Aircraft Sector Charted Results 2000 – 2005**

- Notes;
1. The time scale in calendar years followed by the quarter.
  2. The actual accident numbers for the last 2 quarters is shown in each chart.

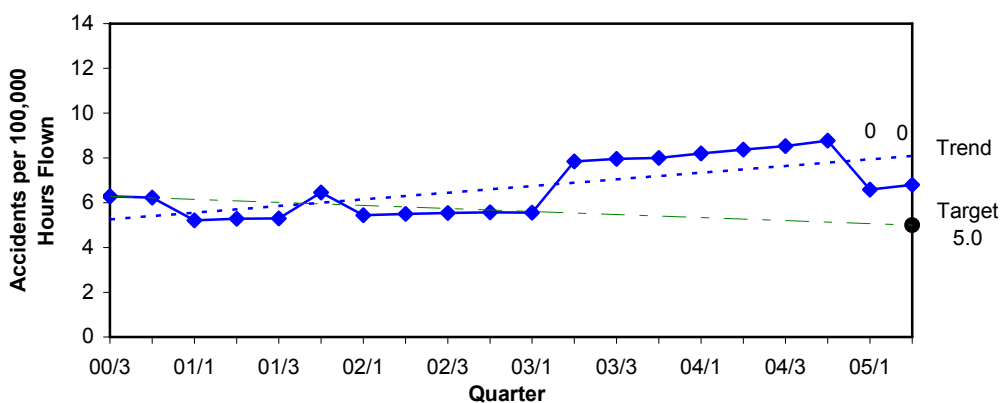




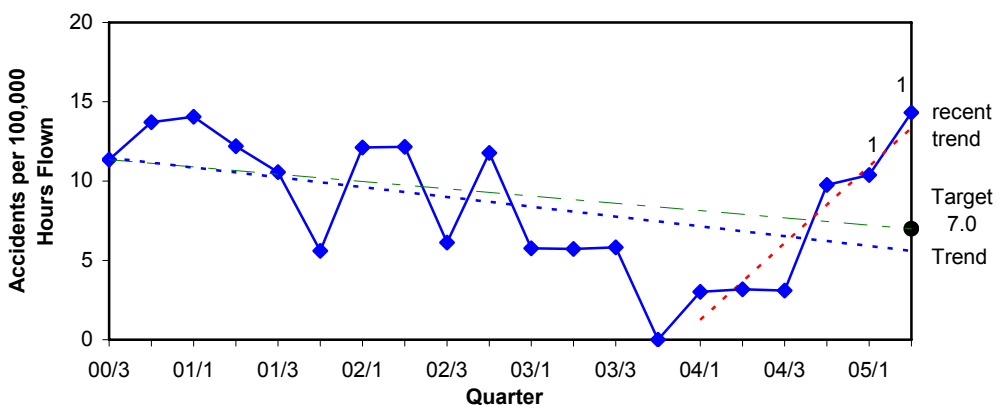
**5,670 to 13,608 kg - Revenue Pax & Freight  
Accident Rate - Ten Year Moving Average**

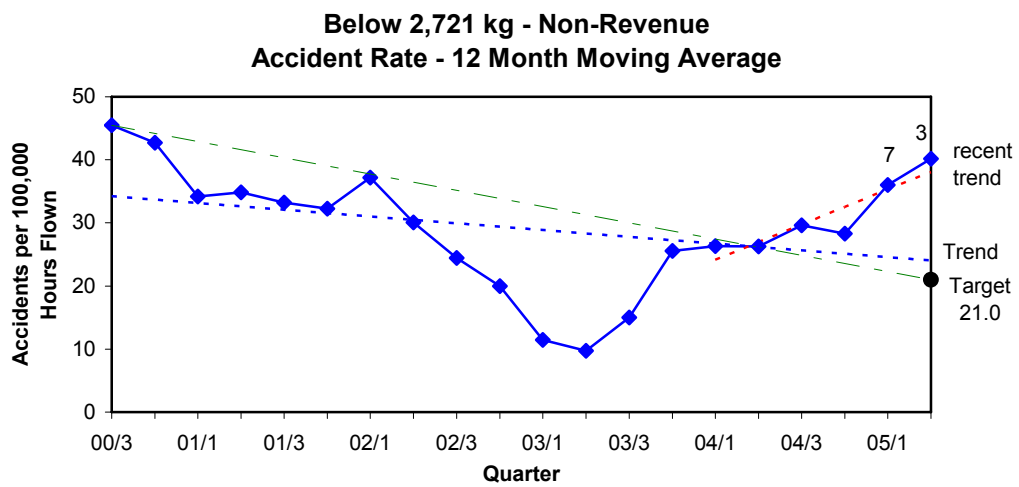
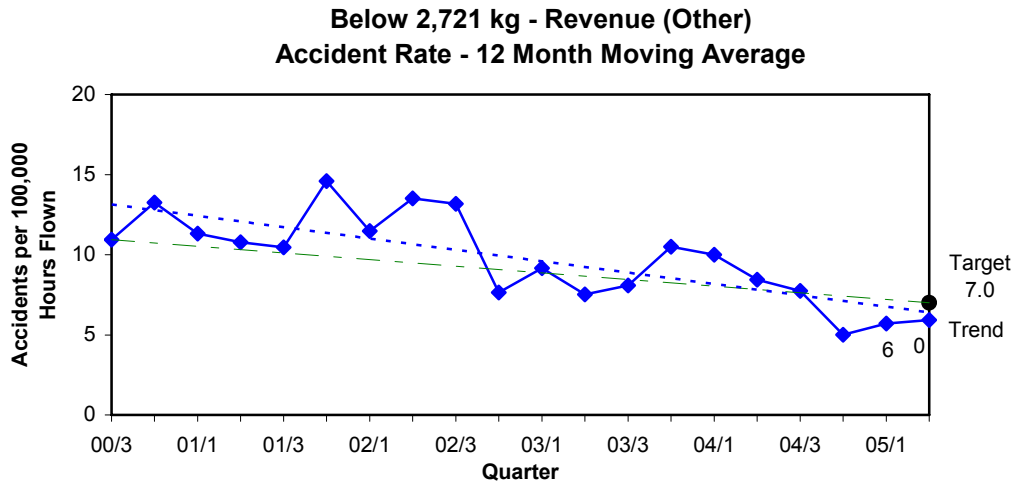


**2,721 to 5,670 kg - Revenue Pax & Freight  
Accident Rate - Five Year Moving Average**



**Below 2,721 kg - Revenue Pax & Freight  
Accident Rate - 12 Month Moving Average**





**Helicopter Sector**

**Helicopter Sector Targets**

- Target:*
1. A downward trend in the rate of aircraft accidents involving helicopters.
  2. By the year 2005, to reduce the rate of aircraft accidents involving helicopters as shown in the table below.

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

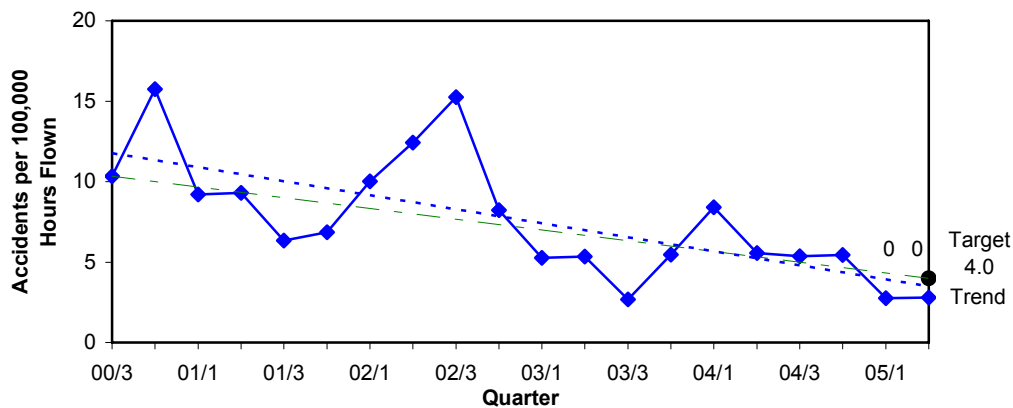
**Helicopter Sector Tabulated Result**

TYPE OF OPERATION	MOVING AVERAGE	ACCIDENTS PER 100,000 FLIGHT HOURS BY YEAR 2005		LONG-TERM ACCIDENTS PER 100,000 FLIGHT HOURS	
		Target	Achieved 04/05	Target	Achieved 04/05
Commercial passenger and freight air transport operations	12 months	4	2.8	Trending down	Trending down
Commercial other than passenger and freight air transport operations	12 months	11	8.7	Trending down	Trending down
Private non-revenue	12 months	25	35.8	Trending down	Trending down

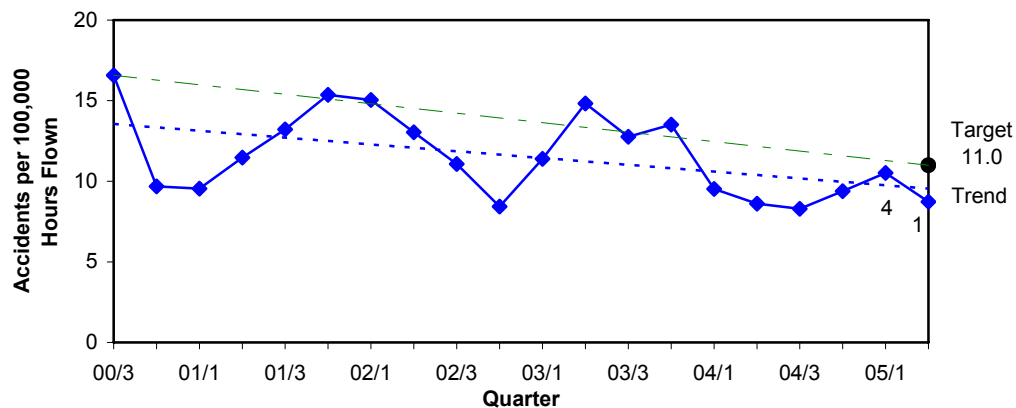
**Helicopter Sector Charted Results 2000 – 2005**

- Notes;
1. The time scale in calendar years followed by the quarter.
  2. The actual accident numbers for the last 2 quarters is shown in each chart.

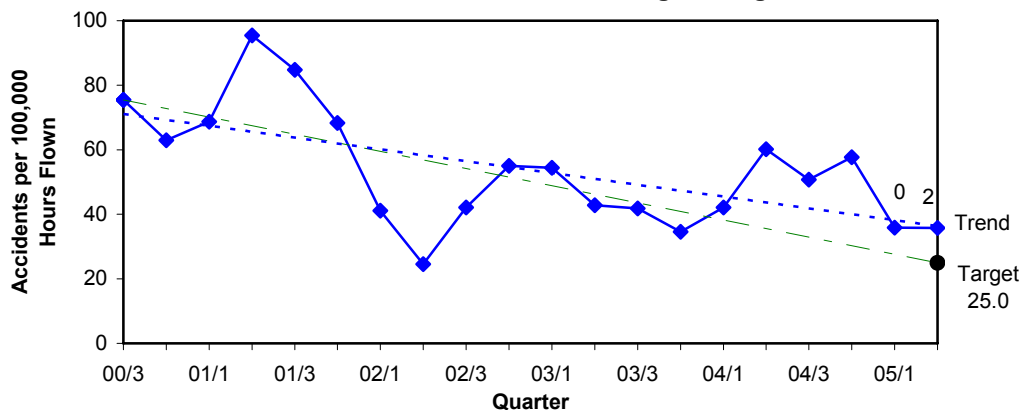
**Helicopters - Revenue Pax & Freight  
Accident Rate - 12 Month Moving Average**



**Helicopters - Revenue (Other)  
Accident Rate - 12 Month Moving Average**



**Helicopters - Non-Revenue  
Accident Rate - 12 Month Moving Average**



**Aircraft Incidents**

***Aircraft Incidents Target***

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<i>Target:</i>	A downward trend in the rate of aircraft incidents for fixed wing aircraft and helicopters.
<i>Measure:</i>	The number of incidents per 100,000 flight hours with reports based on aircraft weight breaks (as set out above).

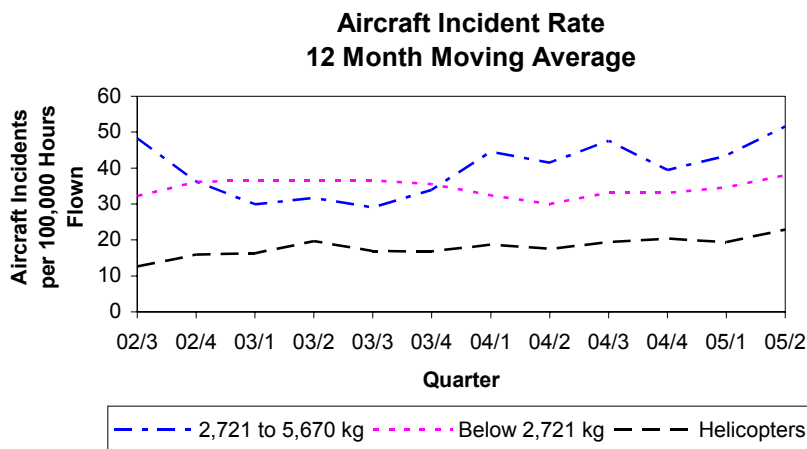
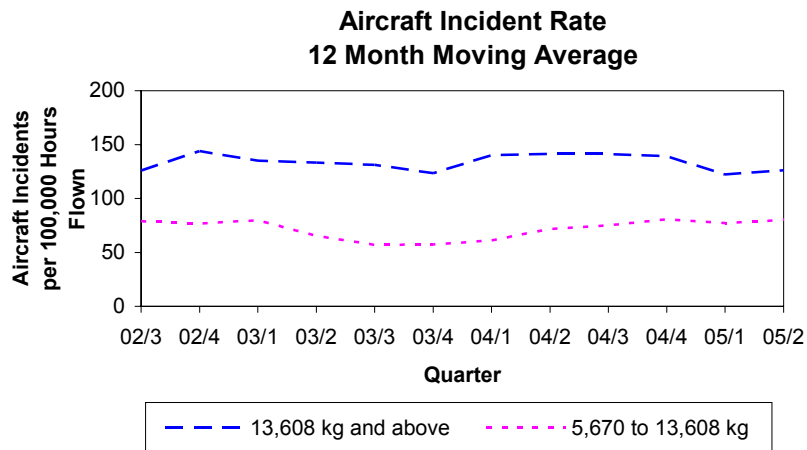
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***Aircraft Incidents 2004/2005 Result***

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<b>Aircraft Group</b>	<b>Trend</b>
13,608 kg and above	Trending down
5,670 to 13,608 kg	Trending up
2,721 to 5,670 kg	Trending up
Below 2,721 kg	No trend evident
Helicopters	Trending up

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**Airspace Incidents**

***Airspace Incidents Target***

*Target:* A downward trend in the rate of pilot-attributable and Air Traffic Service (ATS) attributable airspace incidents for fixed wing aircraft and helicopters.

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

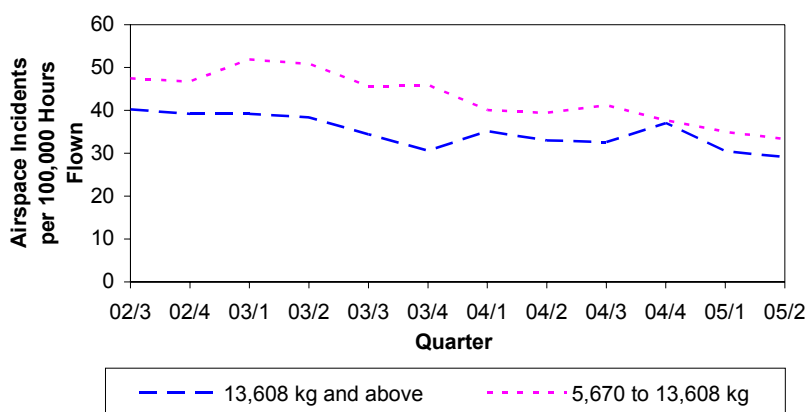
- (a) per 100,000 flight hours to allow comparison with accident and other incident rates, and overseas trends; and
- (b) in the case of ATS attributable incidents, per 100,000 movements in view of the relevance of movements to ATS operations.

Pilot-attributable airspace incidents will be categorised by weight breaks (as set out above).

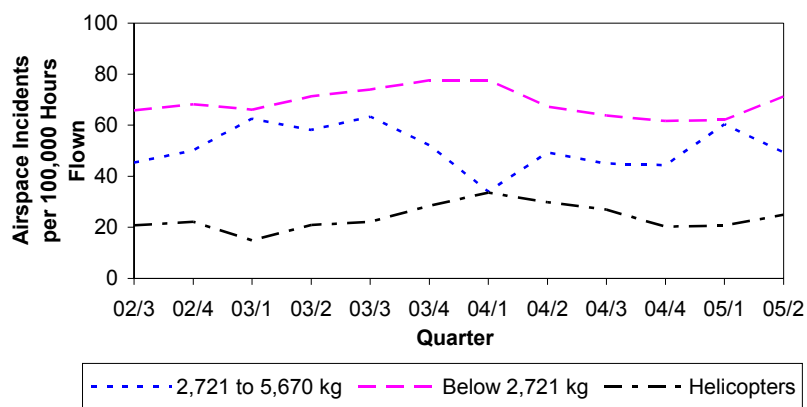
***Airspace Incidents 2004/2005 Result***

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

**Airspace Incident Rate  
12 Month Moving Average**



**Airspace Incident Rate  
12 Month Moving Average**



**Reportable Aircraft Defects**

**Reportable Aircraft Defects Target**

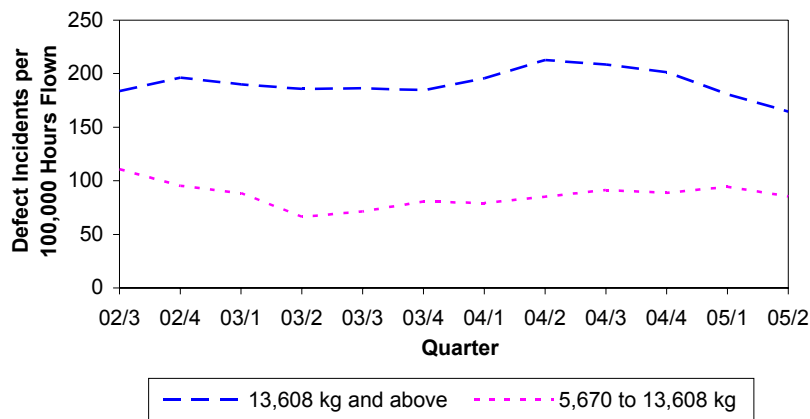
*Target:* A downward trend in the rate of reportable aircraft defects for fixed wing aircraft and helicopters.

*Measure:* The number of defects per 100,000 flight hours with reports based on aircraft weight breaks (as set out above).

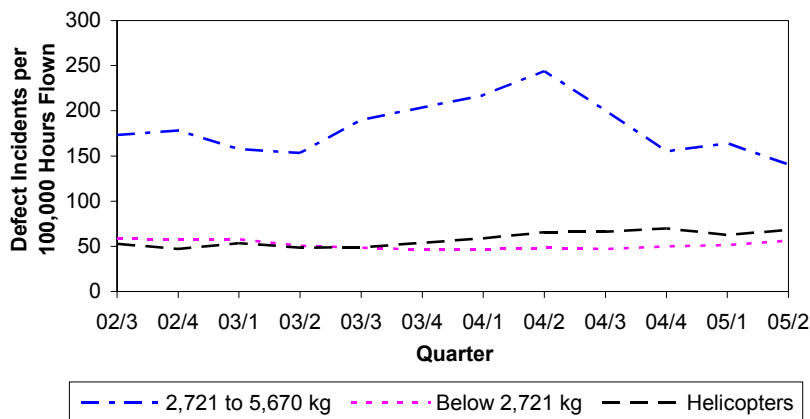
**Reportable Aircraft Defects 2004/2005 Result**

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

**Defect Incident Rate  
12 Month Moving Average**



**Defect Incident Rate  
12 Month Moving Average**



## Industry Non-compliance

### *Industry Non-compliance with Aviation Legislative Requirements Target*

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<i>Target:</i>	A downward trend in the weighted level of detected non-compliance with aviation legislative requirements.
<i>Measure:</i>	For the organisational document holder group, 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”.

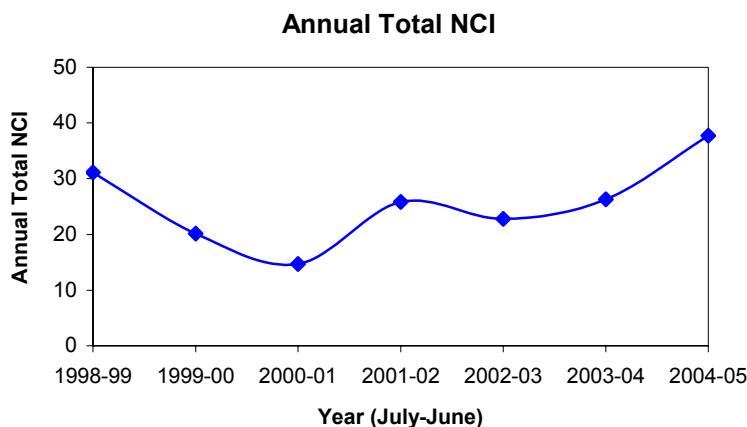
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### *Industry Non-compliance 2004/2005 Result*

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<b>Year</b>	<b>Non-compliance Index</b>
1997-98	22.5193
1998-99	31.09946
1999-2000	20.12693
2000-01	14.67944
2001-02	25.8459
2002-03	22.81846
2003-04	26.30539
2004-05	37.71226

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### **Work on the Social Cost of Accidents**

The CAA has been working on the development of measures to assist in better understanding the range and quantum of aviation safety failure and to assist in the more accurate targeting of safety remedies. This section sets out an overview of the CAA’s work in the area of the social costs of accidents.

#### **Background on the Social Cost of Accidents**

Different accidents have different economic impacts on the nation. Estimating the social cost of accidents is one way of valuing the impact of accidents on the country, thereby providing more information for CAA managers. It is also a way to rank the severity of

accidents, which would otherwise receive equal weighting within a safety target group regardless of their scale. For example, a fatal accident and a non-fatal accident are each recorded as one accident.

The main components of the social cost of accidents are fatalities, serious injuries, and aircraft destroyed in fatal or serious injury accidents. The value to the nation of fatalities (\$2.842 million each) is the Value of Statistical Life (VOSL) estimated by Land Transport New Zealand (LTNZ), in June 2004 dollars. The value of serious injuries (\$2.991 million each) is also derived by LTNZ. Aircraft destroyed are valued using estimates of aircraft values made by the CAA on the basis of market prices in a number of developed aviation nations (in 1999 dollars).

The social cost of accidents, using the LTNZ's estimates (in June 2004 dollars) and aircraft values (in 1999 dollars), for the safety target groups and the sport group are shown below.

### The Social Cost of Accidents Per Annum

The total estimated social cost of accidents for the nine existing safety target groups and the sport group over the ten-years 1 January 1995 to 31 December 2004 is \$675 million (on average \$67.5 million per annum). This represents the cost of 212 fatalities and 122 serious injuries, and 100 aircraft destroyed in fatal and serious injury accidents. Almost 95% of the cost is incurred by helicopter and sport groups below 5,670 kg.

### Safety Target Groups

The following table shows the estimated social cost per annum for each of the nine safety target groups in the ten year period 1 January 1995 to 31 December 2004.

Safety Target Group	95 \$m	96 \$m	97 \$m	98 \$m	99 \$m	00 \$m	01 \$m	02 \$m	03 \$m	04 \$m	Total \$m
13,608 kg and above revenue pax & freight	25.5	-	-	-	-	0.9	-	-	8.8	-	35.2
5,670 to 13,608 kg revenue pax & freight	-	-	0.3	-	-	-	-	-	-	-	0.3
2,721 to 5,670 kg revenue pax & freight	17.9	15.3	-	16.5	-	-	-	-	24.1	-	73.8
Below 2,721 kg revenue pax & freight	9.1	0.7	5.8	17.1	14.3	5.8	0.3	17.1	-	9.3	79.6
Below 2,721 kg revenue (other)	10.6	6.1	4.1	-	3.0	0.3	4.8	6.2	17.9	3.0	55.9
Below 2,721 kg non-revenue	15.8	3.1	22.9	6.1	34.9	29.5	0.6	8.7	9.0	-	130.7
Helicopter revenue pax & freight	-	-	0.6	-	14.6	26.4	6.1	-	-	-	47.8
Helicopter revenue (other)	11.8	21.8	5.7	10.0	6.9	6.6	3.3	9.7	6.9	0.7	83.3
Helicopter non-revenue	-	3.3	0.6	3.3	10.3	-	12.8	0.3	1.0	18.7	50.3
<b>Total</b>	<b>90.7</b>	<b>50.3</b>	<b>39.9</b>	<b>53.0</b>	<b>84.0</b>	<b>69.5</b>	<b>28.0</b>	<b>42.1</b>	<b>67.7</b>	<b>31.7</b>	<b>557.0</b>



The following table shows the annual average social cost for the five-year periods 1 January 1995 to 31 December 1999 and 1 January 2000 to 31 December 2004.

Safety Target Group	Annual Average Jan 95 to Dec 99 \$m	Annual Average Jan 95 to Dec 04 \$m	Change \$m
13,608 kg and above revenue pax & freight	5.1	1.9	- 3.2
5,670 to 13,608 kg revenue pax & freight	0.1	-	- 0.1
2,721 to 5,670 kg revenue pax & freight	9.9	4.8	- 5.1
Below 2,721 kg revenue pax & freight	9.4	6.5	- 3.0
Below 2,721 kg revenue (other)	4.7	6.4	+ 1.7
Below 2,721 kg non-revenue	16.6	9.6	- 7.0
Helicopter revenue pax & freight	3.0	6.5	+ 3.5
Helicopter revenue (other)	11.2	5.4	- 5.8
Helicopter non-revenue	3.5	6.6	+ 3.1
<b>Total</b>	<b>63.6</b>	<b>47.8</b>	<b>- 15.8</b>

### ***Sport Group***

The sport group includes all gliders, gyroplanes, micro-lights and amateur built aircraft (it excludes parachute and hang glider accidents as these aircraft are not registered). It is not a designated safety target group. However, it does incur costs to the country in terms of fatal and serious injuries, and destroyed aircraft.

The following table shows the estimated social cost per annum for the sport group in the ten-year period 1 January 1995 to 31 December 2004.

Aircraft Group	95 \$m	96 \$m	97 \$m	98 \$m	99 \$m	00 \$m	01 \$m	02 \$m	03 \$m	04 \$m	Total \$m
Sport	1.2	5.5	20.7	15.2	17.8	9.5	9.2	15.5	22.9	0.3	117.7

The following table shows the annual average social cost for the five-year periods 1 January 1995 to 31 December 1999 and 1 January 2000 to 31 December 2004.

Aircraft Group	Annual Average Jan 95 to Dec 99 \$m	Annual Average Jan 00 to Dec 04 \$m	Change \$m
Sport	12.1	11.5	- 0.6

### **Continuing work on the Social Cost of Accidents**

In the latter part of the current Financial Year new Safety Outcome targets expressed in social cost terms were established and agreed. These targets are for:

- public transport operations;
- other commercial operations; and
- non-revenue operations

All New Zealand aviation activities are covered by some 13 sub-groups which cater for differing weights of aeroplane, helicopter, and sport aircraft.

Details of the new groups and the specific outcome targets are set out in the CAA Statement of Intent for the 2005/2006 Financial Year.

### **Other Information**

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#### **Policy Directives**

During this year, no new Policy Directives were issued.

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

#### **Delegations to Persons Outside the CAA**

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

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

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

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

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

#### ***Aviation Services Limited***

With the consent of the Minister of Transport, the Director has delegated to Mr Brian Carruthers, General Manager of Aviation Services Limited, his powers and functions under

section 72K of the Civil Aviation Act 1990 to set, conduct and administer examinations and tests, conduct flight testing and carry out any related functions necessary for the granting or renewal of aviation documents to flight crew members. The current delegation expires on 30 June 2008. The delegation is subject to various conditions and limitations specified in the Schedules to the Delegation. Fifty sub-delegations of the relevant powers under section 72K have been issued to flight examiners and exam writers.

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

### ***Airways Corporation of New Zealand***

In June 2000, the Director delegated his powers, with the consent of the Minister of Transport, under Rule 19.155 of the Civil Aviation Rules to Mr Dennis Hoskin, the Navigation Services Manager of Airways Corporation to:

- (a) prescribe meteorological minima for take-off and landing at aerodromes and associated conditions or requirements; and;
- (b) prescribe the conditions and procedures under which aircraft operating under instrument flight rules may be flown; and;
- (c) prescribe instrument approach procedures and missed-approach procedures in relation to the use of any aerodrome; and;
- (d) publish meteorological minima, conditions, requirements and procedures so prescribed in the New Zealand Aeronautical Information Publication.

The delegation is valid until 31<sup>st</sup> December 2005, provided that Mr Hoskin continues to be employed as Navigation Services Manager for the Airways Corporation.

### ***Micro-light Organisations***

Currently, the Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing, granting and renewing Microlight Pilot Certificates and Microlight Pilot Instructor Certificates prescribed by Civil Aviation Rule Part 103 to three individuals holding senior positions in the Sport Aviation Corporation Limited (SAC) and the Recreational Aircraft Association of New Zealand Incorporated (RAANZ). They are David Readman (14 February 2006) from SAC Limited, and Ian Sinclair (20 November 2005) and Grant Coldicott (20 November 2005) from RAANZ. The Director has also delegated to those individuals his powers under sections 8 and 10(3) of the Act in relation to receiving applications for those certificates and receiving information regarding whether applicants are fit and proper to hold those certificates.

Civil Aviation Rule Part 103 provides that Microlight Pilot Certificates and Microlight Pilot Instructor Certificates are to be issued by holders of delegations issued by the Director employed by organisations certificated under Part 103. Both the SAC and RAANZ hold Microlight Organisation Certificates issued by the Director pursuant to Civil Aviation Rule Part 103.

The CAA conducts an annual audit of the SAC and the RAANZ.

### ***Gliders***

The Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing, granting and renewing Glider Pilot Certificates and Glider Pilot Instructor Ratings prescribed by Part 104 and Part 19 of the Civil Aviation Rules to three senior persons nominated by Gliding New Zealand formally the New Zealand Gliding Association. They are Timothy Harrison (17 June 2005), Peter Thorpe (17 June 2005) and Nicholas Wisnewski (8 February 2010). The Director has also delegated to those

individuals his powers under sections 8 and 10(3) of the Act in relation to receiving applications for those certificates and receiving information regarding whether applicants are fit and proper to hold those certificates.

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

### ***Hang Gliding and Paragliding***

The Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing, granting and renewing Hang Gliding and Paragliding Certificates prescribed by Part 106 of the Civil Aviation Rules to three senior persons nominated by the New Zealand Hang Gliding and Paragliding Association (NZHGPA). They are Ross Gray (1 February 2007), Barbara Rooke (1 February 2007) and Geoffrey Mercer (1 July 2005). He has also delegated to those individuals his powers under sections 8 and 10(3) of the Act in relation to receiving applications for those certificates and receiving information regarding whether applicants are fit and proper to hold those certificates.

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

### ***Parachuting***

The Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing, granting and renewing Parachutist Certificates prescribed by Part 105 of the Civil Aviation Rules until 9 October 2005 to Mr Keith Graham Gallaher, Chief Executive of the New Zealand Parachute Federation Incorporated. He has also delegated his powers under sections 8 and 10(3) of the Act in relation to receiving applications for those certificates and receiving information regarding whether applicants are fit and proper to hold those certificates. Mr Gallaher now also has powers under Section 17, subject to conditions.

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

### ***New Zealand Warbirds Association***

The Director has delegated his powers under sections 7(3) and 9 of the Civil Aviation Act in relation to issuing aviation event authorisations prescribed by Rule 91.703 of the Civil Aviation Rules until 1 December 2009 to the Chief Flying Instructor Frank Parker and until 20 December 2006 to the Manager Flight Operations, Trevor Bland of the New Zealand Warbirds Association Incorporated.

### ***Approval of Design Changes – Modifications and Repairs***

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


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

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

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

- Air New Zealand (2006 - 2008)
- Airwork (NZ) Ltd (2010)
- Techair Ltd (2009)
- Pacific Aerospace Corporation (2009)
- NTech Limited (29 October 2005)
- Safe Air (2006)
- Aviation Design Solutions Limited (2006)
- Analysis and Design Associates Ltd (2009)
- Aircraft and Helicopter Certification Consultants (2007, 2009)

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



**John Jones**  
**Director of Civil Aviation**





# SEARCH AND RESCUE SERVICES

## SEARCH AND RESCUE SERVICES

### Vision, Mission and Strategic Goals

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#### Vision

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To deliver superior Class III search and rescue services.

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#### Mission

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To provide a high quality, responsive and cost efficient search and rescue co-ordination service focused on saving life.

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#### Strategic Goals

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1. To deliver prompt, efficient and effective Class III search and rescue services with maximum economy.
  2. To maintain our status as a Quality Assured Supplier of Class III search and rescue services.
  3. To maintain international recognition of the National Rescue Co-ordination Centre as a model for other states in the region.
  4. To promote co-operation among providers of search and rescue services in New Zealand.
  5. To maintain public confidence in the operation of the National Rescue Co-ordination Centre.
- 

### Significant Search and Rescue Activities

On Monday 5 July 2004 the National Rescue Coordination Centre (NRCC) ceased to coordinate Class III search and rescue services in New Zealand's Search and Rescue Region (SRR). At the same time the newly commissioned Rescue Coordination Centre of New Zealand (RCCNZ) assumed that responsibility, providing a 24 hour per day watch from their Operations Centre at Avalon House, Avalon, Lower Hutt.

All financial and non-financial information concerning Class III Search and Rescue activities are now reported by Maritime New Zealand and can be found in their Annual Report.



**John Jones**  
**Director of Civil Aviation**





# AVIATION SECURITY SERVICE

## AVIATION SECURITY SERVICE

### Mission and Strategic Goals

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#### Mission

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

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#### Strategic Goals

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- Goal 1** Enhance the operational capability of the Service:
- through the improvement of approaches to the management of intelligence, aviation security personnel, procedures, equipment and resources.
- Goal 2** Reinforce and enhance relationships between the Aviation Security Service and stakeholders and customers of its services to achieve enhanced aviation security outcomes:
- through the adoption of collaborative initiatives for improved security and improved approaches to relationship management and service delivery.
- Goal 3** Provide a world-class aviation security service efficiently and effectively:
- through the maintenance of quality systems and the application of best practice across the Service.
- Goal 4** Enhance the strategic capability of the Service:
- through enhancements to strategic management processes, Service infrastructure and risk management.
- Goal 5** Provide an extended range of quality aviation security related services to clients in New Zealand and the Asia-Pacific/South Pacific Region:
- through offering services to a range of clients which build on the organisational and operational capability and strengths of the Aviation Security Service.
- Goal 6** Reinforce the national and international reputation of the Aviation Security Service as a recognised leader in the provision of quality security services:
- through active marketing and promotion.
- Goal 7** Ensure that the Aviation Security Service makes a positive contribution to the Government's aims and objectives for New Zealand:
- through contributing as required to Government initiatives and aligning Service strategy with Government priorities.

**Goal 8** Ensure a funding regime that supports the future development requirements of the Service:

- through developing funding plans consistent with long term objectives; and
- progressing initiatives aimed at developing additional sources of funding.

From these strategic goals AvSec developed its Business Plan for 2004/2005

### **Outputs**

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The Output for which the Aviation Security Service was responsible during the 2004/2005 financial year was *Aviation Security Service*.

## General Manager's Report – AvSec

The 2004/05 year was a successful and challenging one for AvSec. We saw strong passenger growth and an increase in demand for AvSec services in most locations but particularly in Auckland. This created challenges in terms of staffing and resources. Good progress was made across a number of fronts, particularly in respect of hold baggage screening, new initiatives in the South Pacific, changes to AvSec's structure and quality initiatives. Key AvSec activities, as in past years, involved close co-operation with the CAA, other government agencies and industry. It is pleasing to see the aviation sector working together so effectively.

AvSec also continued to work closely with the international sector, contributing in particular to ICAO and APEC deliberations. There was also close involvement with regulators and airlines in the Pacific region. A highlight of the year was having the Auckland training centre designated as an ICAO sub-regional training centre.

The following is an overview of significant aviation security activities undertaken by the Aviation Security Service during the year. Activities are grouped according to AvSec's strategic goals contained in its 2002-2005 Strategic Plan. (Note: AvSec has revised its strategic goals for 2005-2006 onwards). Details of the more specific and/or routine activities undertaken are contained in the Statement of Service Performance later in this report.

### General Overview

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**Strategic Goal One**     *Enhance the operational capability of the Service through the improvement of approaches to the management of intelligence, aviation security personnel, procedures, technology, equipment and resources.*

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#### **Enhanced security measures**

Enhanced security measures were put in place on many international services in the aftermath of 11 September 2001 continued impacting on AvSec workload particularly in Auckland. Additional measures included the continuation of secondary screening for flights bound for the United States, some Asian states and for Qantas international services out of Auckland Airport. The Qantas screening was in response to the airline's concerns at the delays in addressing problems associated with the structure of the Auckland terminal.

#### **Hold Baggage Screening**

Planning for and the early implementation of hold baggage screening continued to be the major AvSec project during 2004/2005 at New Zealand's seven international airports. This substantial project is of critical importance, in that New Zealand must implement it in order to be compliant with Annex 17 of the International Civil Aviation Organisation by 1 January 2006.

#### **Auckland International Terminal Infrastructure Issues**

The inadequacy of the Auckland Airport international terminal has been apparent for some time and has increasingly put strains on the AvSec operation. Throughout the year AvSec worked with Auckland International Airport Limited (AIAL) and the Civil Aviation Authority on the development of a long term solution to the terminal infrastructure

problems. AIAL is now well underway with major alterations to the terminal to alleviate these problems.

### **Recruitment and Training**

During the year the Board provided approval for the contracting of recruitment consultant Hudson to undertake a bulk recruitment campaign in Auckland for 60 screeners and up to 56 aviation security officers. The additional staff is required for the Auckland hold baggage screening operation and to meet other operational demands. The recruitment campaign commenced in early July 2005 and is due to be completed in mid October 2005.

AvSec recruitment for the hold baggage screening operation was completed in the Central and Southern regions with the graduation of four recruit courses.

The focus of the training during the year has been on the training of selected staff in the hold baggage screening and trace detection functions and on training of new recruits. This training will continue into the 2005/2006 year.

**Strategic Goal Two** *Reinforce and enhance relationships between the Aviation Security Service and stakeholders and customers of its services to achieve enhanced aviation security outcomes through the adoption of collaborative initiatives for improved security and improved approaches to relationship management and service delivery.*

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### **Maritime Security**

AvSec has continued developing and planning its role as a maritime security organisation (along with New Zealand Customs Service and the Ministry of Agriculture and Forestry). With the funding received from Government to implement its new role, AvSec has purchased a range of equipment for use at the Port of Auckland in the event of a high threat situation involving cruise ship passenger exchanges. AvSec has other equipment available for deployment should an event occur before the core equipment is in place. AvSec is continuing to work with the other MSO's in the development of standard operating procedures for the new role.

**Strategic Goal Three** *Provide a world class aviation security service efficiently and effectively through the maintenance of quality systems and the application of best practice across the Service.*

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### **Standard Passenger Processing Times**

AvSec participated in a Customs led project involving the border agencies and AvSec to develop a standard passenger processing time policy in the airport environment, including both the arrival and departure process.

**Strategic Goal Four** *Enhance the strategic capability of the Service through enhancements to strategic management processes, Service infrastructure and risk management.*

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#### **Strategic Planning**

AvSec management and the Board have put considerable time into strategic planning to determine its strategic objectives for the next five years. These new goals will be actioned from 2005/2006 and will place the organisation in a strong position to manage its direction in a still turbulent international security environment.

#### **Independent Review**

During 2004/2005 AvSec was the subject of a routine (3-4yearly) independent review. The review focused on AvSec's internal systems, recognising the substantial changes the organisation has been through in recent years. The report contained 86 recommendations most of which were completed before the end of the review process. The recommendations were focused on AvSec's systems, structure and resources. Refer also to comments on Transport Sector Review (Goal Seven)

**Strategic Goal Five** *Provide an extended range of quality aviation security related services to clients in New Zealand and the Asia Pacific/ South Pacific region through offering services to a range of clients which build on the organisational and operational capability and strengths of the Aviation Security Service.*

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#### **South Pacific Training and Infrastructure/ICAO Support**

During the year AvSec was funded by the Ministry of Foreign Affairs Pacific Security Fund to implement several projects in the Pacific including the provision of hand-baggage equipment, consultancy advice to six Pacific Island countries (Fiji, Tonga, Niue, The Cooks, Samoa, and Vanuatu) on their Hold Baggage Screening requirements and support for Pacific Island attendees at ICAO training courses at our Auckland sub-regional ICAO training facility.

**Strategic Goal Six** *Reinforce the national and international reputation of the Aviation Security Service as a recognised leader in the provision of the quality security services through active marketing and promotion.*

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#### **Communications**

In 2004 AvSec undertook a review of its web site to ensure that it continued to be an effective communications and marketing tool. Further publicity of the service has occurred as part of AvSec's substantial recruitment drive, particularly in the Auckland region.

**Strategic Goal Seven**      *Ensure that the Aviation Security Service makes a positive contribution to the Government's aims and objectives for New Zealand through contributing as required to Government initiatives and aligning Service strategy with Government priorities.*

---

### **Pandemic Planning**

AvSec has been actively involved in an Interagency Pandemic Group to coordinate planning for a pandemic. A possible scenario would be the introduction of a disease by aircraft passengers

**Strategic Goal Eight**      *Ensure a funding regime that supports the future development requirements of the Service through developing funding plans consistent with long term objectives; and progressing initiatives aimed at developing additional sources of funding.*

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### **AvSec Charges**

Input into the review of AvSec funding continued to be a key activity throughout the year and new charges, both domestically and internationally, were regulated for introduction on 1 October 2005. This review was incorporated into the broader Treasury-led project reviewing government costs at the border. Until these new charges were set AvSec had faced considerable financial uncertainty, especially with the operating funding for hold stow baggage screening.

### **Staff Numbers**

	<b>2003/04(Actual)</b>	<b>2004/05</b>	<b>Variance</b>
Women	183	200	+17
Men	282	357	+75
<b>Total</b>	<b>465</b>	<b>557</b>	<b>92</b>

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## Statement of Impacts and Consequences

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### Outcome Measures

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

- (a) In-flight security incidents;
- (b) Airside security incidents;
- (c) Dangerous goods introduced into aircraft.

### Outcome Results

#### *In-flight Security Incidents*

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

**Measure:** *Number of in-flight security incidents.*

**Result:** There were no in-flight security incidents reported on aircraft screened by the Aviation Security Service.

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#### *Airside Security Incidents*

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

**Measure:** *Number of airside security incidents.*

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

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#### *Dangerous Goods Introduced Into Aircraft*

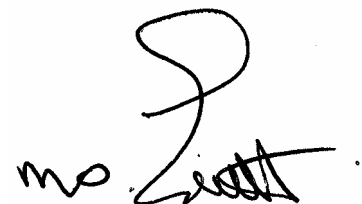
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**Target:** To achieve a nil rate of incidents involving the introduction of dangerous goods into aircraft that has been screened by the Aviation Security Service.

**Measure:** *Number of incidents involving dangerous goods*

**Result:** There were nil dangerous goods incidents reported regarding aircraft screened by the Aviation Security Service.

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**Mark Everitt**  
**General Manager**  
**Aviation Security Service**





# GROUPED FINANCIAL STATEMENTS

## **GROUPED FINANCIAL STATEMENTS**

### **for the Year Ended 30 June 2005**

These Financial Statements have been prepared pursuant to the requirements contained in the Public Finance Act 1989 and S.198 of the Crown Entities Act 2004.

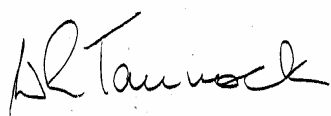
The Financial Statements cover the grouped financial performance of the Civil Aviation Authority of New Zealand in respect of the responsibilities of the Authority under section 72B of the Civil Aviation Act 1990 for:

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

### **Statement of Responsibility**

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

- a) The preparation of the grouped financial statements of the Civil Aviation Authority of New Zealand, includes the Civil Aviation Authority, Search and Rescue Service and the Aviation Security Service (hereinafter referred to as the **Authority**) and the judgements used therein are our responsibility;
- b) The establishment and maintenance of an internal control system designed to provide reasonable assurance as to the integrity and reliability of the grouped financial statements for the year ended 30 June 2005 are our responsibility; and
- c) In our opinion the grouped financial statements for the year ended 30 June 2005 fairly reflect the service performance, financial performance, position and cash flows of the Authority.



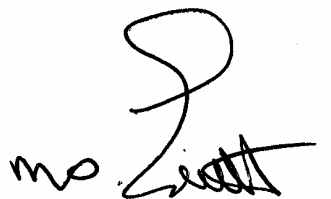
**W R Tannock**  
Chairman  
Civil Aviation Authority  
of New Zealand

27 October 2005



**J G Jones**  
Director  
Civil Aviation Authority

27 October 2005



**M T Everitt**  
General Manager  
Aviation Security Service

27 October 2005

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

### Grouped Statement of Accounting Policies

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#### Reporting Entity

The grouped financial statements for the year ended 30 June 2005 have been prepared to comply with the Public Finance Act 1989 and Sec 72B(3B) of the Civil Aviation Act 1990.

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

In accordance with the Civil Aviation Act certain functions are performed by persons outside the Civil Aviation Authority operating under delegated authority. The grouped financial statements exclude external transactions performed by these persons operating under delegated authority.

The grouped financial statements comprise the following Output Classes:

#### Civil Aviation Authority

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

#### Search and Rescue

##### Search and Rescue

- Provision of Class III search and rescue services. From December 2004 the responsibility for these search and Rescue services were transferred to Maritime New Zealand (formerly known as Maritime Safety Authority).

#### Aviation Security Service

##### Aviation Security Services

- Aviation security services for domestic and international air operations.

#### Measurement Base

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

#### Basis of Grouping

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

## **Budget Figures**

The budget figures are those approved by the Authority at the beginning of the financial year and disclosed in the Statement of Intent 2004/2005 – 2006/2007 as approved by the Minister following advice from the Ministry. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Authority for the preparation of the financial statements.

## **Income Tax**

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

## **Goods and Services Tax**

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

## **Revenue Recognition**

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

## **Output Costing**

### ***Criteria for Direct and Indirect Costs***

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

Direct costs account for 86% (2004 86%) of the Authority's costs.

### ***Cost Drivers for allocation of Indirect Costs***

Indirect personnel, property and other occupancy costs are charged on the basis of budgeted staff numbers attributable to an output. Computer costs are charged on the basis of actual PCs in use. Depreciation and the capital charge are charged on the basis of asset utilisation.

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

## **Leases**

### ***Operating Leases***

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

### ***Finance Leases***

Leases which effectively transfer all the risks and benefits incident to ownership of the leased items are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and the corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the Authority is expected to benefit from their use.

### Receivables

Receivables are stated at their estimated realisable value after providing for doubtful and un-collectable debts.

### Work in Progress

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

### Fixed Assets

Buildings are stated at net current value as determined by an independent registered valuer as at 30 June 2004. Buildings are re-valued every three years. Additions between revaluations are recorded at cost.

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

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

### Depreciation

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

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

Buildings	10 - 14 years	10% - 7%
Furniture and Fittings	10 years	10%
Plant and Equipment	5 - 10 years	20% - 10%
Office Equipment	5 years	20%
Motor Vehicles	4 - 5 years	25% - 20%
Computer Equipment	3 years	33%
Leased Equipment	5 years	20%

### Employee Entitlements

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

Annual leave has been calculated on an actual entitlement basis at current rates of pay. Long service leave and retirement leave have been calculated on an actuarial basis. The retirement leave valuation was calculated by Melville Jessup Weaver (Consulting Actuaries).

### Statement of Cash Flows

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

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

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

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

**Financial Instruments**

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

**Changes in Accounting Policies**

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

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

### Grouped Statement Specifying Financial Performance for the Year Ended 30 June 2005

Specified financial performance	Achievement	Target
Expenditure to be within budget (\$000)	60,773	63,418
To achieve the budgeted surplus (\$000)	(1,274) <sup>(a)</sup>	349
To maintain net current assets at budgeted levels (\$000)	25,052 <sup>(b)</sup>	15,673
To achieve the budgeted current ratio	3.72 <sup>(b)</sup>	2.88
To achieve the budgeted average debtors ratio	29	24
To achieve the budgeted average creditors ratio	51 <sup>(c)</sup>	14
To maintain physical assets at budgeted levels (\$000)	11,701 <sup>(d)</sup>	30,985
Capital expenditure to be within budget (\$000)	6,824 <sup>(d)</sup>	28,500
To achieve the budgeted ratio of capital additions to physical assets	58% <sup>(d)</sup>	92%
To achieve the budgeted ratio of physical assets to total assets	32% <sup>(e)</sup>	66%
To maintain Equity at budgeted levels (\$000)	27,912 <sup>(f)</sup>	39,611
To achieve the budgeted ratio of public equity to total assets	76%	85%

#### Explanation of significant variances in Financial Performance

The Passenger Clearance Services (PCS) review of charges by Aviation Security Service in 2005 had the following effects on specified financial performance:

- (a) Lower than budgeted revenue caused by the delay in the increase of the domestic and international passenger screening service charge.
- (b) Higher than budgeted cash reserves arising from partial utilisation of the Crown capital injection for capital expenditure for the Hold Baggage Screening equipment.
- (c) Lower than budgeted credit purchases arising from lower than budgeted capital expenditure.
- (d) Lower than budgeted capital expenditure of Hold Baggage Screening equipment and infrastructural set up.
- (e) Higher than budgeted cash reserves and lower than budgeted physical assets arising from lower capital expenditure.
- (f) An operating deficit arising from lower than budgeted income and a partial draw down of the budgeted capital injection attributed to the low Equity compared to budget.

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

### Grouped Statement of Financial Performance

for the Year Ended 30 June 2005

The Authority agreed the following financial targets with the Minister at the beginning of the year:

2004 Actual \$000		Notes	2005 Actual \$000	2005 Budget \$000
44,046	Levy Revenue		46,768	47,531
4,578	Crown Revenue		3,102	8,773
8,812	Other Revenue	1	8,316	7,023
548	Interest Income		1,313	440
<b>57,984</b>	<b>Total operating revenue</b>	<b>3</b>	<b>59,499</b>	<b>63,767</b>
56,012	Cost of Services	2, 3	60,773	63,418
<b>1,972</b>	<b>NET SURPLUS / (DEFICIT)</b>	<b>3</b>	<b>(1,274)</b>	<b>349</b>

### Grouped Statement of Movements in Equity

for the Year Ended 30 June 2005

2004 Actual \$000		2005 Actual \$000	2005 Budget \$000
1,972	Net surplus / (deficit)	(1,274)	349
<b>1,972</b>	<b>Total recognised revenues and expenses</b>	<b>(1,274)</b>	<b>349</b>
2,095	Retention of previous years surpluses	-	-
319	Increase in asset revaluation reserve	-	-
(900)	Capital Injection/(Repayment)	13,756	25,000
-	Provision for repayment of surplus to the Crown	-	(349)
<b>3,486</b>	<b>Movements in Equity for the year</b>	<b>12,482</b>	<b>25,000</b>
<b>11,944</b>	<b>Taxpayers' Equity as at 1 July</b>	<b>15,430</b>	<b>14,611</b>
<b>15,430</b>	<b>Taxpayers' Equity as at 30 June</b>	<b>27,912</b>	<b>39,611</b>



**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**

**Grouped Statement of Financial Position**

**As at 30 June 2005**

<b>2004 Actual \$000</b>		<b>Notes</b>	<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
	<b>Public Equity</b>			
14,804	General Funds	4	27,286	39,304
626	Asset Revaluation Reserve	4	626	307
<b>15,430</b>	<b>TOTAL PUBLIC EQUITY</b>		<b>27,912</b>	<b>39,611</b>
	Represented by:			
	<b>CURRENT ASSETS</b>			
9,695	Cash		18,954	10,016
6,274	Receivables and other assets	5	6,098	5,657
<b>15,969</b>	<b>TOTAL CURRENT ASSETS</b>		<b>25,052</b>	<b>15,673</b>
	<b>NON-CURRENT ASSETS</b>			
8,363	Fixed Assets	6	11,701	30,985
<b>24,332</b>	<b>TOTAL ASSETS</b>		<b>36,753</b>	<b>46,658</b>
	<b>CURRENT LIABILITIES</b>			
4,094	Payables		3,202	2,078
2,571	Employee entitlements	7	3,459	3,020
72	Current portion of lease liabilities	12	73	-
-	Provision for payment of surplus		-	349
<b>6,737</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>6,734</b>	<b>5,447</b>
	<b>NON-CURRENT LIABILITIES</b>			
264	Lease liabilities	12	191	-
1,901	Employee entitlements	7	1,916	1,600
<b>8,902</b>	<b>TOTAL LIABILITIES</b>		<b>8,841</b>	<b>7,047</b>
<b>15,430</b>	<b>NET ASSETS</b>		<b>27,912</b>	<b>39,611</b>

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

### Grouped Statement of Cash Flows for the year Ended 30 June 2005

2004 Actual \$000	Notes	2005 Actual \$000	2005 Budget \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
43,254	Levies	46,814	50,084
4,578	Crown	2,906	8,773
1,421	Ministry	1,595	1,418
7,472	Fees, Charges & Other	6,699	2,998
508	Interest	1,167	260
57,233		59,181	63,533
<b>Cash was applied to:</b>			
(33,021)	Payments to employees	(39,086)	(40,241)
(18,865)	Payments to suppliers	(16,816)	(16,148)
(11)	Interest paid	(25)	-
(86)	Net Goods and Services Tax	(12)	-
(1,081)	Payments of Capital Charge to the Crown	(1,536)	(1,953)
(53,064)		(57,475)	(58,342)
<b>4,169</b>	<b>Net Cash Flow from Operating Activities</b> 13	<b>1,706</b>	<b>5,191</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from:</b>			
640	Sale of Assets	121	25
<b>Cash was applied to:</b>			
-	Search & Rescue's Cash Balance to Crown	(363)	-
(3,822)	Purchase of Assets	(6,824)	(28,500)
<b>(3,182)</b>	<b>Net Cash Flow from Investing Activities</b>	<b>(7,066)</b>	<b>(28,475)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was applied to:</b>			
-	Repayment of Surplus to Crown	-	(596)
(48)	Repayment of borrowings	(72)	-
(900)	Capital Injection/(Repayment)	14,691	25,000
<b>(948)</b>	<b>Net Cash Flow from Financing Activities</b>	<b>14,619</b>	<b>24,404</b>
39	Net Increase/(Decrease) in Cash held	9,259	1,120
9,656	Plus opening cash	9,695	8,896
<b>9,695</b>	<b>Closing Cash balance</b>	<b>18,954</b>	<b>10,016</b>
125	Cheque	34	116
9,570	Short term deposits	18,920	9,900
<b>9,695</b>	<b>Closing Cash balance</b>	<b>18,954</b>	<b>10,016</b>

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

### Grouped Statement of Commitments

#### As at 30 June 2005

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

Some leases, previously included as non-cancellable operating leases in this Statement, have been assessed as finance leases and are now recognised as a liability, refer to Note 12.

<b>2004</b>		<b>2005</b>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
	<b>Capital commitments</b>	
675	Purchase of capital equipment	8,236
<b>675</b>	<b>Total Capital commitments</b>	<b>8,236</b>
	<b>Operating commitments</b>	
5,186	Non cancellable leases	4,776
1,192	Non-cancellable contracts – supply of goods and services	1,297
-	Other cancellable contracts	43
<b>6,378</b>	<b>Total Operating commitments</b>	<b>6,116</b>
<b>7,053</b>	<b>Total Commitments</b>	<b>14,352</b>

#### Commitments by term

	<b>Capital Commitments</b>	
675	- Less than one year	8,236
	<b>Operating Commitments</b>	
1,622	- Less than one year	1,846
1,281	- One year but less than two years	1,726
3,004	- Two years but less than five years	2,323
471	- Longer than five years	221
<b>6,378</b>	<b>Total Operating commitments</b>	<b>6,116</b>
<b>7,053</b>	<b>Total Commitments</b>	<b>14,352</b>

### **Grouped Statement of Contingent Liabilities**

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#### **As at 30 June 2005**

Contingent liabilities are noted at the time that the contingency becomes evident. Such contingencies are evidenced by action taken by a third party and will in the normal course of business be rigorously defended. These relate to legal claims against the Authority where the court decisions are uncertain.

<b>2004</b>		<b>2005</b>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
10	Judicial Review	100
100	Legal Claims	140
150	Statutory Review	50
<b>260</b>	<b>Total Contingent Liabilities</b>	<b>290</b>

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

### Statement of Operations of Industry Segments

for the Year Ended 30 June 2005

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

Industry Segment	Aviation Safety		Class III SAR		Security Service		Elimination		Grouped	
	2004 Actual \$000	2005 Actual \$000	2004 Actual \$000	2005 Actual \$000	2004 Actual \$000	2005 Actual \$000	2004 Actual \$000	2005 Actual \$000	2004 Actual \$000	2005 Actual \$000
<b>Operating Revenue</b>										
Revenue Outside the Group	25,724	26,576	2,736	1,223	29,524	31,700	-	-	57,984	59,499
Inter-Segment Revenue	83	9	-	-	-	-	(83)	(9)	-	-
<b>Total Revenue</b>	<b>25,807</b>	<b>26,585</b>	<b>2,736</b>	<b>1,223</b>	<b>29,524</b>	<b>31,700</b>	<b>(83)</b>	<b>(9)</b>	<b>57,984</b>	<b>59,499</b>
<b>Segment result</b>	<b>2,196</b>	<b>1,206</b>	<b>(131)</b>	<b>(41)</b>	<b>(93)</b>	<b>(2,439)</b>	-	-	<b>1,972</b>	<b>(1,274)</b>
Segment Non-Current Assets	2,666	2,381	943	-	4,754	9,320	-	-	8,363	11,701

The Authority operates predominantly in three industries – Regulation of Civil Aviation Safety, Class III Search and Rescue Co-ordination and Aviation Security Service. Regulation of Civil Aviation Safety comprises of the development of, and monitoring of compliance, with Aviation Rules. Aviation Security Service comprises of the screening of international departing passengers and cabin baggage. Class III Search and Rescue Co-ordination comprises of the provision of a co-ordination search and rescue service for persons in distress. On 30 November 2004 the provision of Class III search and rescue services was transferred to Maritime New Zealand.

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**

**Notes to the Grouped Financial Statements**

**for the Year Ended 30 June 2005**

**Note 1 Other Revenue**

<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
6,621	Fees and Charges	6,734	5,580
2,100	Ministry	1,543	1,418
91	Gain on disposal of Assets	39	25
<b>8,812</b>		<b>8,316</b>	<b>7,023</b>

**Note 2 Cost of Services**

<b>2004 Actual \$000</b>		Note	<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
34,112	Employee remuneration	8	40,848	37,303
564	Training		490	406
984	Recruitment		1,453	1,864
11	Finance charges on finance leases		25	-
1,692	Rental expenses on operating leases		1,684	1,634
1,071	Capital Charge	9	1,524	1,953
129	Authority Members Fees	10	146	147
100	Bad debts written off		1	-
-	Provision for doubtful debts		6	-
28	Fees paid to Auditors		49	33
28	Fees paid to Auditors other services		-	-
15,008	Other Operating		11,997	14,931
	Depreciation:			
919	Plant & Equipment		1,090	3,316
834	Computer Equipment		761	1,057
329	Motor Vehicles		349	408
47	Buildings		71	71
85	Furniture & Fittings		159	206
44	Leased Office Equipment		77	-
27	Office Equipment		43	89
<b>2,285</b>	Total depreciation for the year		<b>2,550</b>	<b>5,147</b>
<b>56,012</b>			<b>60,773</b>	<b>63,418</b>

**Note 3 Discontinued Operations**

<b>Discontinued 2004 \$000</b>	<b>Continued 2004 \$000</b>		<b>Discontinued 2005 \$000</b>	<b>Continued 2005 \$000</b>
-	44,046	Levy Revenue	-	46,768
2,690	1,888	Crown Revenue	1,196	1,906
-	8,812	Other Revenue	12	8,304
46	502	Interest Income	15	1,298
<b>2,736</b>	<b>55,248</b>	<b>Total operating revenue</b>	<b>1,223</b>	<b>58,276</b>
2,867	53,145	Cost of services	1,264	59,509
<b>(131)</b>	<b>2,103</b>	<b>NET SURPLUS / (DEFICIT)</b>	<b>(41)</b>	<b>(1,233)</b>

On 30 November 2004 the Authority transferred responsibility for the Search and Rescue Services to Maritime New Zealand (formerly known as the Maritime Safety Authority) under Sec 14C of the Civil Aviation Act 1990.

**Note 4 Taxpayers' Equity**

<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
	Net surplus / (deficit)		
2,196	Aviation Safety	1,206	339
(131)	Search & Rescue	(41)	-
(93)	Security Service	(2,439)	10
<b>1,972</b>	<b>Total recognised revenues and expenses</b>	<b>(1,274)</b>	<b>349</b>
	Capital Injection/(Repayment)		
(900)	- Security Service	14,691	25,000
-	- Search and Rescue	(935)	-
	Retention of previous years surpluses		
2,095	- Security Service	-	-
	Provision for repayment of surplus to the Crown		
-	- Aviation Safety	-	(339)
-	- Security Service	-	(10)
<b>3,167</b>	<b>Movements in Equity for the year</b>	<b>12,482</b>	<b>25,000</b>
<b>11,637</b>	<b>Taxpayers' Equity as at 1 July</b>	<b>14,804</b>	<b>14,304</b>
<b>14,804</b>	<b>Taxpayers' Equity as at 30 June</b>	<b>27,286</b>	<b>39,304</b>

**Asset Revaluation Reserve****Building**

<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
307	Opening balance	626	307
319	Revaluation	-	-
<b>626</b>	<b>Closing balance</b>	<b>626</b>	<b>307</b>

**Note 5 Receivables and Other Assets**

<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
5,154	Trade debtors	5,486	4,762
(2)	Less provision for doubtful debts	(7)	(7)
693	Prepayments	240	702
284	Work in Progress	379	200
145	Inventories	-	-
<b>6,274</b>	<b>Total</b>	<b>6,098</b>	<b>5,657</b>

**Note 6 Fixed Assets**

<b>2004 Cost or Valuation \$000</b>	<b>2004 Accumulated Depreciation \$000</b>	<b>2004 Carrying Value \$000</b>	<b>Grouped</b>	<b>2005 Cost or Valuation \$000</b>	<b>2005 Accumulated Depreciation \$000</b>	<b>2005 Carrying Value \$000</b>	<b>2005 Budget Value \$000</b>
6,283	3,124	3,159	Plant and Equipment	6,601	3,673	2,928	4,023
7,677	6,147	1,530	Computer Equipment	4,262	2,984	1,278	2,258
1,718	894	824	Motor Vehicles	2,005	1,076	929	851
1,003	-	1,003	Auckland Building*	1,007	71	936	936
1,576	233	1,343	Furniture and Fittings	1,728	365	1,363	2,978
385	44	341	Leased Equipment	385	121	264	-
355	192	163	Office Equipment	409	222	187	268
-	-	-	Work In Progress	3,816	-	3,816	19,671
<b>18,997</b>	<b>10,634</b>	<b>8,363</b>	<b>TOTAL ASSETS</b>	<b>20,213</b>	<b>8,512</b>	<b>11,701</b>	<b>30,985</b>

\*The Auckland Building was revalued to net current value as determined by Seagar & Partners (Registered Valuers) as at 30 June 2004.



**Note 7 Employee Entitlements**

<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
2,148	Annual Leave	2,835	2,708
262	Performance Based pay	343	334
161	Salaries and Wages	281	196
945	Long Service Leave	722	677
956	Retirement Leave	1,194	705
<b>4,472</b>	<b>Total</b>	<b>5,375</b>	<b>4,620</b>
<hr/>			
2,571	Current	3,459	3,020
1,901	Non-current	1,916	1,600
<b>4,472</b>	<b>Total</b>	<b>5,375</b>	<b>4,620</b>

**Note 8 Employee remuneration**

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

<b>2004</b>	<b>Total remuneration and other benefits</b>	<b>2005</b>
8	\$100,000 to \$109,999	12
11	\$110,000 to \$119,999	9
2	\$120,000 to \$129,999	4
-	\$130,000 to \$139,999	5
3	\$140,000 to \$149,999	4
3	\$150,000 to \$159,999	2
1	\$160,000 to \$169,999	1
2	\$170,000 to \$179,999	1
-	\$180,000 to \$189,999	-
-	\$190,000 to \$199,999	-
-	\$200,000 to \$209,999	-
-	\$210,000 to \$219,999	-
1	\$220,000 to \$229,999	1
1	\$230,000 to \$239,999	1

The Director of Civil Aviation remuneration lies in the \$220,000 to \$229,999 band (2004: \$220,000 to \$229,999 band) and the General Manager of Aviation Security Service remuneration lies in the \$230,000 to \$239,999 band (2004: \$230,000 to \$239,999 band).

### Note 9 Capital Charge and Related Party Disclosures

The Civil Aviation Authority of New Zealand is a Crown Entity. The Government significantly influences the role of the Authority as well as being a major source of revenue.

The Authority pays a capital charge to the Crown based on its public equity at 30 June and 31 December each year. The capital charge for 2004/2005 was 8.0% (2003/2004:8.0%).

The Authority has entered into a number of transactions with government departments, crown entities and state-owned enterprises on an arm's length basis. Where those parties are acting in the course of their normal dealings with Civil Aviation Authority of New Zealand, related party disclosures have not been made for transactions of this nature.

The Authority has entered into a number of insignificant transactions with entities, of which members of the authority are non-executive directors, on an arm's length basis. Where those parties are acting in the course of their normal dealings with Civil Aviation Authority of New Zealand, related party disclosures have not been made for transactions of this nature.

### Note 10 Authority Fees

2004 Actual \$000		2005 Actual \$000	2005 Budget \$000
20	R Tannock (Chair - appointed November 2004)	41	27
52	R Fisher (Chair - retired November 2004)	19	45
19	H Armstrong (Deputy Chair - appointed 2001)	25	25
10	D Park (appointed November 2003)	21	21
-	S Hughes (appointed November 2004)	15	5
-	R Reid (appointed November 2004)	16	6
23	J Gabriel (term ended November 2004)	9	18
5	G Vette (term ended October 2003)	-	-
<b>129</b>	<b>Honoraria</b>	<b>146</b>	<b>147</b>

The Authority pays honoraria and actual or reasonable expenses to members in accordance with Cabinet Office Circular CO (03) 4. No member received any payment for severance, ex-gratis or consultancy work. The Authority received an extra honorarium for their work on the sub-authority relating to the Aviation Security Service.

### Explanation of variances in Authority Fees

The budget and actual costs for Authority Members varies because of transitions involved with the retirement of the Chairperson and one member and the appointment of the new Chairman and new members including the necessary overlapping of tenures and to ensure effective oversight and continuity.

### Note 11 Financial Instruments

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

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

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

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

There is no significant credit risk.

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

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

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 30 June 2005 (2004: nil). The interest rates on the Authority's investments ranged from 2.8% to 7.0% pa (2004: 2.8% to 5.7% pa).

### Note 12 Lease Liability

2004 Actual \$000		2005 Actual \$000	2005 Budget \$000
	Finance Leases:		
72	Current	73	-
264	Non-current	191	-
<b>336</b>	<b>Total</b>	<b>264</b>	<b>-</b>
	Repayable as follows		
190	One to two years	178	-
212	Two to five years	127	-
-	Beyond five years	-	-
402		305	-
(66)	Future finance charges	(41)	-
<b>336</b>	<b>Recognised as a liability</b>	<b>264</b>	<b>-</b>

The effective interest rate on the finance leases is 8.49%. The ownership of the assets remains with the lessor.

**Note 13 Reconciliation of net surplus from operations with the net cash flow from operations**

<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
<b>1,972</b>	<b>Net Surplus / (Deficit)</b>	<b>(1,274)</b>	<b>349</b>
	Add non-cash items		
112	Bad and Doubtful Debts	7	-
2,285	Depreciation	2,550	5,147
<b>2,397</b>	<b>Total Non-Cash Items</b>	<b>2,557</b>	<b>5,147</b>
	<b>Movements in Working Capital</b>		
(1,045)	Decrease/(Increase) in Receivables	(530)	(209)
(145)	Decrease/(Increase) in Inventories	145	-
(69)	Decrease/(Increase) in Work in Progress	(95)	-
(387)	Decrease/(Increase) in Prepayments	403	(135)
1,170	(Decrease)/Increase in Payables	(429)	(141)
584	(Decrease)/Increase in Employee Entitlements	935	205
<b>108</b>	<b>Movements in Net Working Capital</b>	<b>429</b>	<b>(280)</b>
	<b>Movements in Investing Activities</b>		
(218)	(Decrease)/Increase in Payables - Assets	33	-
(90)	Gain on sale of Assets	(39)	(25)
<b>(308)</b>	<b>Total Movements in Investing Activities</b>	<b>(6)</b>	<b>(25)</b>
<b>4,169</b>	<b>Net Cash Flow from Operating Activities</b>	<b>1,706</b>	<b>5,191</b>

**Note 14 Statement of Memorandum Accounts**

<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
	<b>Aviation Safety:</b>		
	<b>Revenue</b>		
14,954	International Levy	15,334	15,604
3,356	Domestic Levy	3,693	3,437
871	Other Levies	864	850
3,167	Fees and Charges	3,112	2,528
<b>22,348</b>	<b>Total Revenue</b>	<b>23,003</b>	<b>22,419</b>
	<b>Expenditure</b>		
15,887	Safety Assessment and Certification	17,298	17,536
4,250	Safety Analysis and Information	4,427	4,428
815	Enforcement	823	791
<b>20,952</b>	<b>Total Expenditure</b>	<b>22,548</b>	<b>22,755</b>
1,396	Net Surplus / (Deficit)	455	(336)
(2,844)	Opening Balance	(1,448)	(1,448)
<b>(1,448)</b>	<b>Closing Balance</b>	<b>(993)</b>	<b>(1,784)</b>

<b>2004 Actual \$000</b>		<b>Intl Levy \$000</b>	<b>Domestic Levy \$000</b>	<b>Other Fees / Charges</b>	<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
	<b>Aviation Security:</b>					
4,955	Opening Balance	6,155	(946)	(347)	4,862	4,862
(93)	Net Surplus/(Deficit)	(1,497)	(516)	(426)	(2,439)	10
<b>4,862</b>	<b>Closing Balance</b>	<b>4,658</b>	<b>(1,462)</b>	<b>(773)</b>	<b>2,423</b>	<b>4,872</b>





## ADDITIONAL FINANCIAL INFORMATION

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

## Grouped Financial Statements for the year ended 30 June 2005

## Financial Performance

Grouped	Statement of Financial Performance	Aviation Safety		Search & Rescue <sup>5</sup>		Security Service		Elimination		Grouped	
		2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000
	<b>Revenue</b>										
44,046	Levies	19,891	19,891	-	-	26,877	27,640	-	-	46,768	47,531
4,578	Crown Funding	1,761	1,761	1,196	2,404	145	4,608	-	-	3,102	8,773
2,100	Ministry	1,422	1,418	-	-	121	-	-	-	1,543	1,418
6,621	Fees / Charges	3,141	2,528	-	470	3,593	2,582	-	-	6,734	5,580
548	Interest	354	235	15	25	944	180	-	-	1,313	440
91	Gain on Disposals	7	-	12	-	20	25	-	-	39	25
-	Inter-Group Income	9	-	-	-	-	-	(9)	-	-	-
<b>57,984</b>	<b>Total Revenue</b>	<b>26,585</b>	<b>25,833</b>	<b>1,223</b>	<b>2,899</b>	<b>31,700</b>	<b>35,035</b>	<b>(9)</b>	<b>-</b>	<b>59,499</b>	<b>63,767</b>
	<b>Expenditure</b>										
35,660	Personnel Costs	15,637	14,630	544	1,399	26,610	23,544	-	-	42,791	39,573
15,047	Other Operating Costs	7,336	8,418	485	904	4,201	5,359	-	-	12,022	14,681
2,285	Depreciation	880	1,000	157	180	1,513	3,967	-	-	2,550	5,147
1,071	Capital Charge	420	441	35	87	1,069	1,425	-	-	1,524	1,953
1,692	Rental Property and Equipment	968	883	38	79	678	672	-	-	1,684	1,634
129	Authority Members' Costs	102	104	-	-	44	43	-	-	146	147
100	Bad debts	1	-	-	-	-	-	-	-	1	-
-	Provision for doubtful debt	6	-	-	-	-	-	-	-	6	-
28	Audit Fee	29	18	-	-	20	15	-	-	49	33
-	Inter-Group Expense	-	-	5	250	4	-	(9)	-	-	250
<b>56,012</b>	<b>Total Expenditure</b>	<b>25,379</b>	<b>25,494</b>	<b>1,264</b>	<b>2,899</b>	<b>34,139</b>	<b>35,025</b>	<b>(9)</b>	<b>-</b>	<b>60,773</b>	<b>63,418</b>
<b>1,972</b>	<b>Net Surplus/(Deficit)</b>	<b>1,206</b>	<b>339</b>	<b>(41)</b>	<b>-</b>	<b>(2,439)</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>(1,274)</b>	<b>349</b>

5 The accounts cover the period from June 2004 until November 2004.



**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**

**Grouped Financial Statements for the year ended 30 June 2005**

**Movement in Taxpayers' Equity Reporting**

Grouped	Statement of Movement in Taxpayers' Equity	Aviation Safety		Search & Rescue <sup>6</sup>		Security Service		Grouped	
		2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000
1,972	Net Operating Surplus/(Deficit)	1,206	339	(41)	-	(2,439)	10	(1,274)	349
319	Revaluation Reserve	-	-	-	-	-	-	-	-
<b>2,291</b>	<b>Total recognised revenues and expenses for the year</b>	<b>1,206</b>	<b>339</b>	<b>(41)</b>	<b>-</b>	<b>(2,439)</b>	<b>10</b>	<b>(1,274)</b>	<b>349</b>
-	Provision for repayment of surplus to the Crown	-	(339)	-	-	-	(10)	-	(349)
(900)	Capital injection/(repayment)	-	-	(935)	-	14,691	25,000	13,756	25,000
2,095	Retention of previous years surpluses	-	-	-	-	-	-	-	-
<b>3,486</b>	<b>Movements in Equity for the year</b>	<b>1,206</b>	<b>-</b>	<b>(976)</b>	<b>-</b>	<b>12,252</b>	<b>25,000</b>	<b>12,482</b>	<b>25,000</b>
11,944	Taxpayers' Equity at start of year	5,960	5,510	976	1,092	8,494	8,009	15,430	14,611
<b>15,430</b>	<b>Taxpayers' Equity at end of year</b>	<b>7,166</b>	<b>5,510</b>	<b>-</b>	<b>1,092</b>	<b>20,746</b>	<b>33,009</b>	<b>27,912</b>	<b>39,611</b>

<sup>6</sup> The accounts cover the period from June 2004 until November 2004.

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

## Grouped Financial Statements as at 30 June 2005

## Financial Position

Grouped	Statement of Financial Position	Aviation Safety		Search & Rescue <sup>7</sup>		Security Service		Eliminations		Grouped	
2004 Actual \$000		2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000
15,430	<b>TAXPAYERS' EQUITY</b>	7,166	5,510	-	1,092	20,746	33,009	-	-	27,912	39,611
	Represented by:										
	<b>CURRENT ASSETS</b>										
9,695	Cash	5,215	4,348	-	128	13,739	5,540	-	-	18,954	10,016
5,152	Receivables	2,326	2,255	-	-	3,153	2,500	-	-	5,479	4,755
145	Inventories	-	-	-	-	-	-	-	-	-	-
284	Work in Progress	379	200	-	-	-	-	-	-	379	200
693	Prepayments	62	2	-	100	178	600	-	-	240	702
15,969	<b>Total Current Assets</b>	7,982	6,805	-	228	17,070	8,640	-	-	25,052	15,673
8,363	Non-Current Assets	2,381	1,864	-	1,042	9,320	28,079	-	-	11,701	30,985
24,332	<b>Total Assets</b>	10,363	8,669	-	1,270	26,390	36,719	-	-	36,753	46,658
	<b>CURRENT LIABILITIES</b>										
4,094	Payables	1,461	1,220	-	158	1,741	700	-	-	3,202	2,078
72	Current portion of term liabilities	73	-	-	-	-	-	-	-	73	-
	<b>Provisions</b>										
2,571	Employee Entitlements	872	1,100	-	20	2,587	1,900	-	-	3,459	3,020
-	Repayment of Surplus to the Crown	-	339	-	-	-	10	-	-	-	349
6,737	<b>Total Current Liabilities</b>	2,406	2,659	-	178	4,328	2,610	-	-	6,734	5,447
	<b>NON-CURRENT LIABILITIES</b>										
264	Term liabilities	191	-	-	-	-	-	-	-	191	-
1,901	Employee Entitlements	600	500	-	-	1,316	1,100	-	-	1,916	1,600
8,902	<b>Total Liabilities</b>	3,197	3,159	-	178	5,644	3,710	-	-	8,841	7,047
15,430	<b>NET ASSETS</b>	7,166	5,510	-	1,092	20,746	33,009	-	-	27,912	39,611

7 The accounts cover the period from June 2004 until November 2004.

## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

## Grouped Financial Statements for the year ended 30 June 2005

## Cash Flows

Grouped	Statement of Cash Flows	Aviation Safety		Search & Rescue		Security Service		Eliminations		Grouped	
2004 Actual \$000		2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000	2005 Actual \$000	2005 Budget \$000
	<b>Cash from Operating Activities</b>										
	<b>Cash was provided from:</b>										
43,254	Levies	19,970	19,882	-	-	26,844	30,202	-	-	46,814	50,084
4,578	Crown Funding	1,761	1,761	1,000	2,404	145	4,608	-	-	2,906	8,773
1,421	Ministry	1,595	1,418	-	-	-	-	-	-	1,595	1,418
7,472	Fees, Charges & Other	2,411	2,528	2	470	4,286	-	-	-	6,699	2,998
508	Interest	353	235	13	25	801	-	-	-	1,167	260
57,233		26,090	25,824	1,015	2,899	32,076	34,810	-	-	59,181	63,533
	<b>Cash was applied to</b>										
(33,021)	Payments to employees	(14,697)	(15,503)	(566)	(1,394)	(23,823)	(23,344)	-	-	(39,086)	(40,241)
(18,865)	Payments to suppliers	(9,446)	(8,550)	(660)	(1,409)	(6,710)	(6,189)	-	-	(16,816)	(16,148)
(11)	Interest paid	(25)	-	-	-	-	-	-	-	(25)	-
(86)	Net Goods and Services Tax	(67)	-	-	-	55	-	-	-	(12)	-
(1,081)	Payments of Capital Charge	(420)	(441)	(47)	(87)	(1,069)	(1,425)	-	-	(1,536)	(1,953)
(53,064)		(24,655)	(24,494)	(1,273)	(2,890)	(31,547)	(30,958)	-	-	(57,475)	(58,342)
<b>4,169</b>	<b>Net Cash Flow</b>	<b>1,435</b>	<b>1,330</b>	<b>(258)</b>	<b>9</b>	<b>529</b>	<b>3,852</b>	<b>-</b>	<b>-</b>	<b>1,706</b>	<b>5,191</b>
	<b>Cash from Investing Activities</b>										
	<b>Cash was provided from:</b>										
640	Sale of Assets	7	-	12	-	102	25	-	-	121	25
	<b>Cash was applied to:</b>										
-	Cash Balance back to Crown	-	-	(363)	-	-	-	-	-	(363)	-
(3,822)	Purchase of Assets	(741)	(1,000)	(35)	(500)	(6,048)	(27,000)	-	-	(6,824)	(28,500)
<b>(3,182)</b>	<b>Net Cash Flow</b>	<b>(734)</b>	<b>(1,000)</b>	<b>(386)</b>	<b>(500)</b>	<b>(5,946)</b>	<b>(26,975)</b>	<b>-</b>	<b>-</b>	<b>(7,066)</b>	<b>(28,475)</b>
	<b>Cash from Financing Activities</b>										
(900)	Capital injection/(repayment)	-	-	-	-	14,691	25,000	-	-	14,691	25,000
(48)	Repayment of borrowing	(72)	-	-	-	-	-	-	-	(72)	-
-	Repayment of Surplus to Crown	-	(596)	-	-	-	-	-	-	-	(596)
<b>(948)</b>	<b>Net Cash Flow</b>	<b>(72)</b>	<b>(596)</b>	<b>-</b>	<b>-</b>	<b>14,691</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>14,619</b>	<b>24,404</b>
39	Increase/(Decrease) in Cash	629	(266)	(644)	(491)	9,274	1,877	-	-	9,259	1,120
9,656	Add Opening Cash balance	4,586	4,614	644	619	4,465	3,663	-	-	9,695	8,896
<b>9,695</b>	<b>Cash held at 30 June</b>	<b>5,215</b>	<b>4,348</b>	<b>-</b>	<b>128</b>	<b>13,739</b>	<b>5,540</b>	<b>-</b>	<b>-</b>	<b>18,954</b>	<b>10,016</b>





## STATEMENTS OF SERVICE PERFORMANCE

## STATEMENTS OF SERVICE PERFORMANCE

### Civil Aviation Authority

#### Output Class 1: Policy Advice

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

#### 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 Chairman and Members of the Authority.

#### Rules Development

Note that the Authority undertakes Rules Development services under contract to the Ministry of Transport (MoT)

#### Output Performance

Output Class 1: POLICY ADVICE			
Output	Performance Measures 2004 - 2005	Performance Standards	Performance Result
<b>Ministerial Servicing</b>	1. Draft responses to Ministerial correspondence <sup>8</sup> .	20-50	24
	2. Provide reports and briefings to the Minister.	70 – 90	71
	3. Provide responses to Parliamentary Questions.	30 – 100	56
	4. Provide reports and responses to Select Committees	4-8	3
	5. Percentage of draft replies to Ministerial correspondence forwarded to the MOT within 10 working days of receipt by CAA.	100%	100%
	6. Draft responses to Ministerial correspondence and to Parliamentary questions accepted by the Minister's advisers.	95%	100%
	7. Percentage of draft replies to Parliamentary questions supplied within the required time frame.	100%	100%

<sup>8</sup> Items 1- 4 Demand Driven.

<b>Output Class 1: POLICY ADVICE</b>			
<b>Output</b>	<b>Performance Measures 2004 - 2005</b>	<b>Performance Standards</b>	<b>Performance Result</b>
<b>Safety Policy Advice</b>	8. Completion of agreed programme:	<i>Target Completion</i>	<b>Status</b>
	(a) Policy input to the rules programme.	<i>June 2005</i>	<b>100%</b>
	(b) Examination of rules/technical standards issue.	<i>June 2005</i>	<b>90%</b>
	(c) Aviation security legislative proposals.	<i>June 2005</i>	<b>100%</b>
	(d) Air Traffic services and airspace policy.	<i>June 2005</i>	<b>100%</b>
	(e) Statement of aviation safety philosophy and strategic direction.	<i>To be determined by MOT</i>	<b>100%</b>
	(f) Mutual acceptance of regulatory processes.	<i>June 2005</i>	<b>Ongoing</b>
	(g) Review of ICAO responsibilities. <sup>9</sup>	<i>June 2005</i>	<b>75%</b>
	(h) Provision by CAA of regulatory services to other states. <sup>10</sup>	<i>June 2005</i>	<b>On hold</b>
9. Provision of advice and comment on government policy initiatives that impact on the aviation community.	<i>As required</i>		<b>14</b>
<b>Legislation Development</b>	10. Provide support and advice on the development or amendment of civil aviation related legislation including: <ul style="list-style-type: none"> <li>• Civil Aviation Act 2004; development;</li> <li>• Civil Aviation Charges regulations; amendments;</li> <li>• Civil Aviation Safety Levies Order; amendments.</li> </ul>	<i>As required</i>	<b>Provided</b>
<b>International Aviation &amp; Safety Related Agreements</b>	11. Provide responses on behalf of New Zealand to ICAO State letters on aviation safety and security matters. <sup>11</sup>	<i>As required</i>	<b>60</b>
	12. Review ICAO decisions notified to New Zealand including amendments to Annexes and file acceptances or differences as necessary.	<i>10 -15 assessments</i>	<b>11</b>
	13. Provide aviation safety and security advice and assistance to Samoa, Tonga, Niue, and the Cook islands.	<i>As required</i>	<b>Provided</b>
	14. Provide advice and representation in support of international agreements, projects and other forums.	<i>As required</i>	<b>Ongoing</b>

<b>Output Class 1: POLICY ADVICE</b>			
<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
1,320	Crown Revenue	1,321	1,321
1,418	Ministry	1,422	1,418
133	Other revenue	7	
<u>2,871</u>	Total revenue	<u>2,750</u>	<u>2,739</u>
2,659	Total expenses	2,832	2,739
<u>212</u>	Net surplus / (deficit)	<u>(82)</u>	<u>-</u>

9 The project was deferred to the next financial year as a consequence of insufficient resources.

10 This project was put on hold for two main reasons. Firstly the uncertain state of PASO at the time and the consequent effect on the CAA and secondly in recognition of Treasury is undertaking a policy review of this whole area.

11 Items 11-14 Demand Driven.

## Output Class 2: Safety Assessment and Certification

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 to achieve compliance with the Civil Aviation Rules.
- The maintenance of an effective Field Safety Adviser 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 Performance

Output Class 2: SAFETY ASSESSMENT AND CERTIFICATION			
Output	Performance Measures 2004 - 2005	Performance Standards	Performance Result
<b>Airline Sector Safety Risk Management</b>	15. Routine audits/Certification inspections <sup>12</sup> .	4,000 hours	6823
	16. Spot checks. <sup>13</sup>	200 hours	68
	17. Special purpose audit. <sup>14</sup>	100 hours	0

<sup>12</sup> There was a significant increase in certification activity due to a number of large projects, re-assessment of air operators and assessment of national airlines in the Pacific Islands some of which arose after the budget-rounding process. This consequently meant increased surveillance and the need for spot checks or special purpose audits minimised.

<sup>13</sup> Reactive.

<sup>14</sup> Demand driven.



<b>Output Class 2: SAFETY ASSESSMENT AND CERTIFICATION</b>			
<b>Output</b>	<b>Performance Measures 2004 - 2005</b>	<b>Performance Standards</b>	<b>Performance Result</b>
<b>Airline Sector Safety Risk Management</b>	18. Percentage and number of scheduled audit and inspection modules completed by the due date set in the audit programme. <sup>15</sup> From corrective actions, identified in audit reports, that have compliance dates during the period: <sup>16</sup>	80%	63%
	19. Percentage of Critical actions <sup>17</sup> implemented in period: Percentage of Critical actions implemented by Due date in period:	100%	100% 0%
	20. Percentage of Major actions implemented in period: <sup>18</sup> Percentage of Major actions implemented by Due Date in period:	90%	88% 9%
	21. Percentage of all actions implemented in period: <sup>19</sup> Percentage of all actions implemented by Due Date in period:	80%	86% 11%
	22. Current number of overdue corrective actions <sup>20</sup>	No overdue actions	44
	23. Airworthiness directives to be developed and published.	120 - 150*	141
	24. Airline Certification work requests. <sup>21</sup>	200 - 500*	612
	25. Aircraft Certification work requests. <sup>22</sup>	800 - 1,000*	962
	26. Aircraft Registration work requests.	1,200 - 2,000*	1,877

15 A forecasting error under-estimated the amount of Part 119 air operator re-certification activity. The audit module completion rate of 63% reflects the cancellation of audits for operators that were undergoing part 119 Re-certification.

16 The corrective action implementation measure has been modified since last year. The new measure is shown second. The new measure relates to the percentage of actions implemented by their individual due date falling due during the period, whereas the previous measure related to actions implemented across the period regardless of individual due dates being met. With respect to Critical and Major actions, currently it is often not administratively feasible for the auditor to update the database within the required timeframe. This results in the new measure being somewhat anomalous at present. However, this issue is being aggressively addressed.

17 Actions are assessed according to their urgency consequently a critical action is one which is a result of an occurrence or deficiency that caused or on its own had the potential to cause, loss of life or limb. Here the deficiency is such that the operation ceases immediately. There is no provision within the legislation for concession and further operation would be an offence against the Civil Aviation Act 1990.

18 Actions are assessed according to their urgency consequently, a major action is one in which an occurrence or deficiency involving a major system that caused, or had the potential to cause significant problems to the function or effectiveness of that system, here the deficiency is such that the operation ceases immediately. However, provision within the legislation would allow concessions to be given to either return the aircraft to its base under strict conditions.

19 Actions are assessed according to their urgency consequently a minor action is an isolated occurrence or deficiency not indicative of a significant system problem. Here the deficiency is such that the operation can continue without regulatory concession within the provisions of the operators procedures.

20 Most of these were minor actions and many of these were predicated on the actions on third parties.

21 The increase in certifications is mainly due to a large number of unexpected projects, re-certification of air-operators and assessment of national airlines in the Pacific Islands.

22 See 21 above.

<b>Output Class 2: SAFETY ASSESSMENT AND CERTIFICATION</b>			
<b>Output</b>	<b>Performance Measures 2004 - 2005</b>	<b>Performance Standards</b>	<b>Performance Result</b>
<b>General Aviation Sector Safety Risk Management</b>	27. Routine audits and inspections <sup>23</sup> .	3,000 hours	2,847
	28. Spot checks. <sup>24</sup>	1,000 hours	1,703
	29. Special purpose audit <sup>25</sup> .	100 hours*	24
	30. Percentage of scheduled audit and inspection modules completed by the due date set in the audit programme. From corrective actions, identified in audit reports, that have compliance dates during the period: <sup>26</sup>	80%	75%
	31. Percentage of Critical actions <sup>27</sup> implemented in period. Percentage of Critical Actions implemented by Due Date in period:	100%	90% 17%
	32. Percentage of Major actions <sup>28</sup> implemented in period: Percentage of Major Actions implemented by Due Date in period:	90%	96% 20%
	33. Percentage of all actions <sup>29</sup> implemented in period: Percentage of all actions implemented by Due Date in period:	80%	94% 17%
	34. Current number of overdue corrective actions <sup>30</sup> .	No overdue actions	88
	35. Operator Certification work requests. <sup>31</sup>	1000-1300	940
	<b>Personnel Licensing &amp; Aviation Services Sector Safety Risk Management</b>	36. Routine audits and inspections.	1,500 hours
37. Spot checks. <sup>32</sup>		200 hours	232
38. Special purpose audit <sup>33</sup> .		20 hours	0
39. Percentage and number of scheduled audit and inspection modules completed by the due date set in the audit programme		80%	80%

23 Demand driven.

24 Demand driven.

25 Demand driven.

26 Whilst some audits were deferred into the next financial year, some under-recording was evident, as a consequence of internal and external auditing this issue has since been aggressively addressed and implemented. See also 23.

27 See 17

28 See 18.

29 See 19.

30 Most of these were minor actions. Completion of the action was predicated on the further action of third parties.

31 Demand driven.

32 Reactive.

33 Demand driven.

<b>Output Class 2: SAFETY ASSESSMENT AND CERTIFICATION</b>			
<b>Output</b>	<b>Performance Measures 2004 - 2005</b>	<b>Performance Standards</b>	<b>Performance Result</b>
<b>Personnel Licensing &amp; Aviation Services Sector Safety Risk Management</b>	From corrective actions, identified in audit reports, that have compliance dates during the period: <sup>34</sup>		
	40. Percentage of Critical actions implemented in period:	100%	90%
	Percentage of Critical actions <sup>35</sup> implemented by Due Date in period:		50%
	41. Percentage of Major actions <sup>36</sup> implemented in period	90%	96%
	Percentage of Major actions implemented by due date in period:		28%
	42. Percentage of all actions <sup>37</sup> implemented in period	80%	94%
	Percentage of all actions implemented by due date in period:		17%
	43. Current number of overdue corrective actions: <sup>38</sup>	No overdue actions	23
44. Personnel licensing work requests. <sup>39</sup>	2,500 – 3,000	4,829	
45. Process requests for Accredited Medical Conclusions.	80% within 5 days	73%	
46. Release general directions for consultation. <sup>40</sup>	6	4	
47. Petitions for rule exemptions processed – all sectors.	50 – 70*	136	
<b>Aviation Community</b>	48. Respond to HSE concerns, enquiries and complaints within 5 working days.	100%	100%
<b>Health and Safety in Employment</b>	49. Respond to accidents within 2 working days.	80%	100%
	50. HSE inspections of selected clients <sup>41</sup>	40	34
	51. Provision of information and education to clients and stakeholders.	20	23

<b>Output Class 2: SAFETY ASSESSMENT AND CERTIFICATION</b>			
<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
399	Crown Revenue	440	440
17,356	Other revenue	18,291	17,435
17,755	Total revenue	18,731	17,875
15,887	Total expenses	17,298	17,536
1,868	Net surplus / (deficit)	1,433	339

34 Whilst some audits were deferred into the next financial year, some under-recording was evident, as a consequence of internal and external auditing this issue has since been aggressively addressed and implemented. See also 23.

35 See 17.

36 See 18.

37 See 19.

38 Most of these were minor actions, most of these were predicated on the actions of third parties.

39 The increase in work requests is mainly due to a change in standards and new acquisitions of aircraft which has prompted recruitment and movement in airlines, and consequently a need to amend licences.

40 A new process has been initiated which has impacted on the release of general directions for consultation.

41 Demand driven.

### Output Class 3: Safety Analysis and Information

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;
- Advice on the safety performance of the civil aviation system;
- Responses to safety recommendations made by the Transport Accident Investigation Commission and Coroner's inquests, and taking appropriate actions, tracking and reporting progress on a quarterly basis;
- 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 Performance

Output Class 3: SAFETY ANALYSIS and INFORMATION			
Output	Performance Measures 2004 - 2005	Performance Standards	Performance Result
<b>Safety Investigation</b>	52. Number of investigations carried out <sup>42</sup>	1,700 – 2,200	2,531
	53. Number of investigations closed that meet the specified accuracy and completeness requirements in CAA procedures.	90%	95%
	Percentage of investigations of occurrences completed:		
	54. within 6 months of registration,	70%	84%
	55. within 12 months of registration, and	90%	97%
	56. within 2 years of registration.	100%	100%
<b>Safety Analysis</b>	57. Number of Aviation Safety summary reports.	4 quarterly reports	4
	58. Number of Vector Periodicals.	Minimum of 6	6
<b>Education &amp; Information</b>	59. Number of CAA Safety Videos.	2	2
	60. Number of Kiwi Safety Seminars <sup>43</sup> .	Minimum of 6	18

<sup>42</sup> Demand driven or reactive.

<sup>43</sup> This is an all encompassing figure reflecting the work of safety seminar throughout the organisation.

<b>Output Class 3: SAFETY ANALYSIS and INFORMATION</b>			
<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
4,410	Other revenue	4,394	4,428
4,250	Total expenses	4,427	4,428
<u>160</u>	Net surplus / (deficit)	<u>(33)</u>	<u>-</u>

### **Output Class 4: Enforcement**

This Output Class 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 Performance**

<b>Output Class 4: ENFORCEMENT</b>			
<b>Output</b>	<b>Performance Measures 2004 - 2005</b>	<b>Performance Standards</b>	<b>Performance Result</b>
<b>Enforcement</b>	61. Number of alleged offences reported/recorded.	200 – 240	<b>256</b>
	62. Number of detailed investigations undertaken.	130 - 160	<b>125</b>
	Percentage of detailed investigations completed in the period:		
	63. within 6 months of commencement, and	90%	<b>96%</b>
	64. within 12 months of commencement.	100%	<b>99%</b>

<b>Output Class 4: ENFORCEMENT</b>			
<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
771	Other revenue	711	791
815	Total expenses	823	791
<u>(44)</u>	Net surplus / (deficit)	<u>(112)</u>	<u>-</u>

## Search and Rescue Services

### Output Class: Class III Search and Rescue

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The following Class III Search and Rescue services were provided by the Authority<sup>44</sup>:

- Provision in the New Zealand SAR Region of 24-hour co-ordination services to adequately cover Class III search and rescue requirements for persons in distress or in need of assistance, such services to meet or exceed New Zealand's obligations under any applicable international agreements;
- Co-ordination of all persons, organisations, and government departments as are necessary to assist with the search and rescue services identified in Item 6(a);
- Operation of the Local User Terminal at Lower Hutt.;
- Communication with and education of persons, organisations and government departments to minimise the need for and to improve and facilitate Class III search and rescue services;
- Provision of a sufficient number of adequately skilled staff to ensure the SAR Co-ordination Services specified in the schedule are available 24 hours per day;
- Establishment and adoption of procedures to ensure the effective co-ordination of Class III search and rescue operations;
- Logging and recording of all RCC activities associated with the co-ordination of Class III search and rescue operations;
- Completion of a report for each suspended Class III search and rescue operation and such other reports as are requested;
- Provision of a person or persons to attend and represent New Zealand's interests at international forums on search and rescue;
- Provision of appropriate training for personnel involved in Class III search and rescue co-ordination services;
- Maintenance of the national 406MHz distress beacon register;
- Arranging the provision of medical advice, initial medical assistance, or medical evacuation if required, as part of the SAR service for persons in distress within the New Zealand SAR Region.

The output class is concerned with the provision of an immediate response to all notified distress alerts within the New Zealand SAR region; the co-ordination of searches to locate persons in distress; and rendering appropriate assistance to ensure the safety of all persons.

<sup>44</sup> The responsibility for these services were transferred to MNZ in November 2004.

## Output Performance

Output Class : SEARCH and RESCUE			
Output	Performance Measures 2004 – 2005 for the 1 <sup>st</sup> Quarter	Performance Standards	Performance Result Quarter 1
Search & Rescue	65. Number of SAR incidents responded to <sup>45</sup>	600-900	217
	66. Number of SAR missions undertaken <sup>46</sup>	10-15*	179
	67. Percentage of SAR operations that are successfully concluded <sup>47</sup>	100%	100%
	68. ISO Certification of National Rescue Co-ordination Centre	ISO Certification accredited	100%
	69. Percentage of SAR incidents responded to within ten minutes of notification	100%	100%

Output Class : SEARCH and RESCUE – June 2004 – November 2004			
2004 Actual \$000		2005 Actual \$000	2005 Budget \$000
2,690	Crown Revenue	1,196	2,404
46	Other revenue	27	495
<u>2,736</u>	Total revenue	<u>1,223</u>	<u>2,899</u>
2,867	Total expenses	1,264	2,899
<u>(131)</u>	Net surplus / (deficit)	<u>(41)</u>	<u>-</u>

45 SAR Services are provided on demand. The expected volume range is based on past year's trends.

46 SAR Services are provided on demand. The expected volume range is based on past year's trends.

47A Search and Rescue Operation is successful when: (i). information is obtained that the ship, aircraft, other craft or persons who are the subject of the SAR incident are no longer in distress; or (ii) the ship, aircraft, other craft or persons for whom SAR unit are searching have been located and the survivors rescued.

## Aviation Security Service

### Output Class: Aviation Security Service

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This Output Class covers the following aviation security services provided by the Aviation Security Service:

- The screening of 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;
- The screening of all departing domestic passengers and baggage travelling on aircraft with a capacity for 90 or more regular air passengers;
- 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;
- Searches, where necessary, of passengers, baggage, cargo, aircraft, aerodromes, and navigation installations;
- Patrols at security designated aerodromes and navigation installations
- Reviews, inquiries into, and maintaining current knowledge of security techniques, systems, devices, practices, and procedures related to the protection of civil aviation and persons employed in or using it;
- Such experimental or research work in respect of any aspect of aviation security as the Director of Civil Aviation may specify;
- Co-operation 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;
- Such other functions and duties as may be conferred on it by any enactment.
- Aviation security services as required by the aviation industry including aircraft guards, aircraft searches and passenger protection;
- Operation, on behalf of the Director of Civil Aviation, of the official Airport Identity Card system utilising the National Airport Identity Card database;
- Carry out such other security services as may be requested by airline operators
- Collect, evaluate and analyse information which may be potentially significant to aviation security planning.
- Provision of advice on aviation security activities to the Government and the aviation industry, including draft replies to Ministerial correspondence related to the Service.



## AvSec Service Performance

### Passenger Screening

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

Output Class : Aviation Security		
Performance Measures 2004 – 2005	Performance Result	
<b>Quantity</b>		
70. Number of international passengers screened. <sup>48</sup>	Actual screened passengers	4,262,349
	Estimate	3,700,000
	%Variance	15.2%
71. Number of domestic passengers screened. <sup>49</sup>	Actual screened passengers	4,856,443
	Estimate	4,700,000
	% Variance	3.33%
<b>Quality</b>		
72. Number of Corrective Action Requests issued by Civil Aviation Authority auditors	Two Corrective actions requests were issued during the year	
73. 97% detection rate in the Recurrent Testing Programme	% Test Objects Detected	98.14%
74. During 2004/2005 year there will be no more than one formal complaint per 100,000 passengers	Achieved	
<b>Timeliness</b>		
75. No flight delays due to screening activities. <sup>50</sup>	There were five flight delays due to screening activities during the period.	

### Aircraft Search

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

Output Class : Aviation Security		
Performance Measures 2004 - 2005	Performance Result	
<b>Quantity</b>		
76. Number of aircraft searched. <sup>51</sup>	Actual searched aircraft	2,181
	Estimate	2,350
	%Variance	7.19%

48 Passenger numbers are demand driven.

49 See above.

50 Flight delays due to screening were mainly as a result of minor delays as a consequence late airline schedule changes when AvSec staff were stretched, communication break downs and are-screen of a flight due to a security breach.

51 Number of aircraft searched is demand driven, and the numbers of aircraft were lower than estimated.

<b>Output Class : Aviation Security</b>		
<b>Performance Measures 2004 - 2005</b>	<b>Performance Result</b>	
<b>Quality</b>		
77. Compliance with the National Aviation Security programme.	There were no non-conformance reports raised by Civil Aviation Authority auditors of aircraft search activities during the year.	
78. 97% detection rate in recurrent testing programme as measured by the percentage of test objects detected	% detected	98.9%
79. No More than five customer complaints	Nil	
<b>Timeliness</b>		
80. No flight delays due to search activities.	There was one flight delay due to AvSec search activities during the period	

## Patrols

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

<b>Output Class : Aviation Security</b>		
<b>Performance Measures 2004 - 2005</b>	<b>Performance Result</b>	
<b>Quantity</b>		
81. Number of patrol hours. <sup>52</sup>	Actual patrol hours	106,506
	Estimate	90,000
	%Variance	18.34%
82. Number of incidents attended. <sup>53</sup>	Number of attended incidents	2,761
	Estimate	2,350
	%Variance	17.49%
<b>Quality</b>		
83. Persons unlawfully within a security area will be detected within five minutes of entry.	Nil	
<b>Timeliness</b>		
84. Incidents attended within three minutes of coming to notice.	100%	

<sup>52</sup> More AvSec staff available to conduct this activity.

<sup>53</sup> There was an increase in everyday minor incidents due to an increase in staff.

## Access Control

Control of unauthorised access through controlled access points and issue Airport Identity Cards to all authorised persons requiring them.

Output Class : Aviation Security		
Performance Measures 2004 - 2005	Performance Result	
<b>Quantity</b>		
85. No incidents of unauthorised access.	There were no incidents of unauthorised access.	
86. Number of Airport Identity Cards issued:		
• 7,500 Permanent	Permanent Cards Issued	7,728
• 33,000 Temporary <sup>54</sup>	Temporary Cards Issued	41,711
<b>Quality</b>		
87. 97% compliance by Airport Identity Cardholders with the requirement for use.	Number of checks	19,621
	Number compliant	19,416
	Percentage compliance	98.96%
<b>Timeliness</b>		
88. 95% of Airport Identity Cards replaced by expiry date.	Number of checks	19,621
	Number compliant	19,556
	Percentage compliance	99.67%

## Promote Security Awareness and Airline Co-operation

Supply of security awareness training as required.

Output Class : Aviation Security		
Performance Measures 2004 - 2005	Performance Result	
<b>Quantity</b>		
89. Number of courses held <sup>55</sup> .	Actual courses held	55
	Estimate	75
<b>Quality</b>		
90. Level of customer satisfaction – needs of customer met based on course evaluations.	100%	
<b>Timeliness</b>		
91. Percentage of training requests met within one week.	100%	

54 The number of temporary cards issued is demand driven. High numbers were due to significant airport construction across the country, leading to a large number of contractors requiring cards.

55 Number of safety awareness courses for industry was demand driven by industry.

<b>Output Class : Aviation Security Service</b>
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<b>2004 Actual \$000</b>		<b>2005 Actual \$000</b>	<b>2005 Budget \$000</b>
169	Crown Revenue	145	4,608
682	Ministry	121	-
28,673	Other revenue	31,434	30,427
<u>29,524</u>	Total revenue	<u>31,700</u>	<u>35,035</u>
29,617	Total expenses	34,139	35,025
<u>(93)</u>	Net surplus / (deficit)	<u>(2,439)</u>	<u>10</u>

# **REPORT OF THE AUDITOR GENERAL**





**AUDIT REPORT**

**TO THE READERS OF  
THE CIVIL AVIATION AUTHORITY OF NEW ZEALAND'S  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

The Auditor-General is the auditor of the Civil Aviation Authority of New Zealand (the Authority). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Authority, on his behalf, for the year ended 30 June 2005.

**Unqualified opinion**

In our opinion the financial statements of the Authority on pages 67 to 108:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
  - the Authority's financial position as at 30 June 2005;
  - the results of its operations and cash flows for the year ended on that date; and
  - its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 28 October 2005, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

**Basis of opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- ▲ determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- ▲ verifying samples of transactions and account balances;
- ▲ performing analyses to identify anomalies in the reported data;
- ▲ reviewing significant estimates and judgements made by the Board;
- ▲ confirming year-end balances;
- ▲ determining whether accounting policies are appropriate and consistently applied; and
- ▲ determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Board and the Auditor**

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Authority as at 30 June 2005. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Board's responsibilities arise from the Public Finance Act 1989.

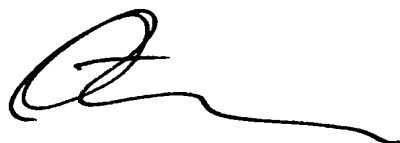
We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.



Other than the audit, we have no relationship with or interests in the Authority.



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



## **Matters relating to the electronic presentation of the audited financial statements**

This audit report relates to the financial statements of the Civil Aviation Authority of New Zealand for the year ended 30 June 2005 included on the Civil Aviation Authority's web-site. The Civil Aviation Authority's board is responsible for the maintenance and integrity of the Civil Aviation Authority's web site. We have not been engaged to report on the integrity of the Civil Aviation Authority's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 28 October 2005 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

