

Review of CAA fees, levies and charges 2020



PUBLIC AND SECTOR MEETINGS

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Ground to cover



- Background to the 2020 pricing review
 - The scope of this particular review
 - An update on the CAA's finances
- A general summary of the proposed changes
- An explanation of the agriculture levy price rise
 - The next steps in the review process
 - Time for questions from the floor

Background to this review

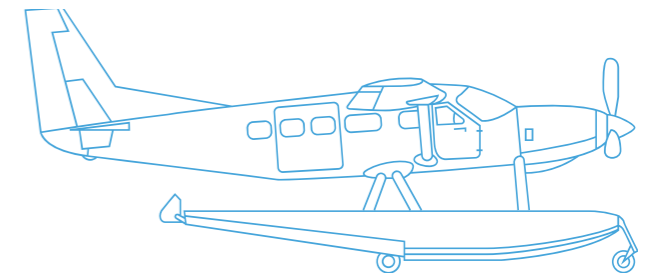


- Every three years we review our fees, levies and charges to ensure the Authority continues to have the funding it needs to responsibly regulate New Zealand aviation
- For many years we have been using an outdated technology platform, ASMS, which is long past its shelf life, hard to maintain, and has no interface for participants
- A new technology and intelligence platform is essential to ensure the safety of the New Zealand aviation sector in coming years – but this is a significant investment

In scope for this review



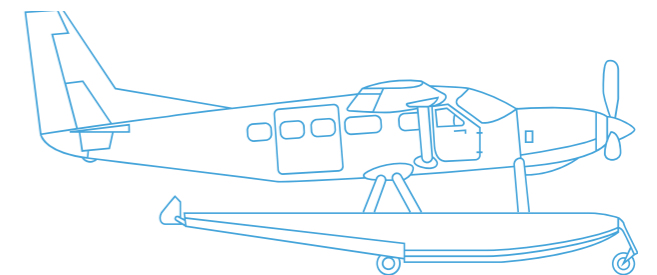
- The current pricing levels of CAA levies, fees and charges, which includes us allowing for the replacement of the CAA's obsolete technology platform
- Two specific policy issues relating to RPAS operations and the Agricultural Operations Safety Levy
- A review of Airport Identity Card charges and operating costs
- A review of Regulated Air Cargo Agent security vetting charges



Out of scope



- The funding framework – the policy basis on which levies are set
- The funding the CAA receives from the Government (through the Budget)
- Reassessing the funding mix between airlines and general aviation
- The pricing of the passenger security levy, which funds Avsec

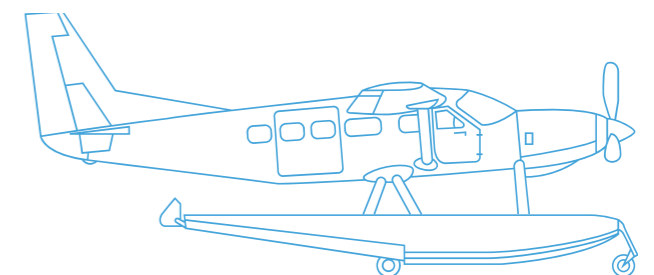


Our projected finances

	BUDGETED	PROJECTED		
	2019/20 \$000	2020/21 \$000	2021/22 \$000	2022/23 \$000
Total Revenue	49,127	48,663	49,055	49,773
Total Expenses	49,854	51,508	51,996	51,829
Total Deficit	(727)	(2,845)	(2,941)	(2,056)

If we carry on with our current pricing levels for our fees, levies and charges, we would be facing a deficit of \$7.8 million over the next three years, hampering our regulatory work

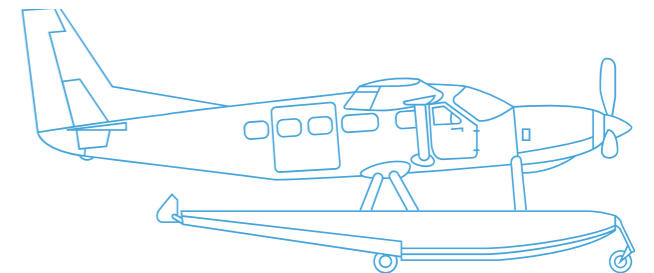
Uncertain passenger numbers for the next three years also mean we need to be prepared for lower passenger levy revenue



Summary of proposals



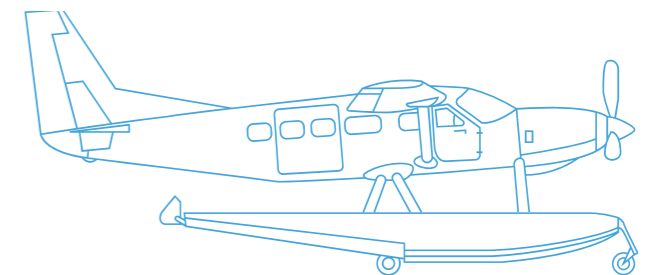
- 5.3% increase on all levies, fees and charges other than the Agricultural Operators Safety Levy (AOSL)
- 80% rise in the AOSL to cover the costs of the new Hazardous Substances and New Organisms (HSNO) responsibilities
- No change to be made to the basis for the AOSL
- Increase in price of temporary and decrease in permanent AIC cards
- Decrease in price for RACA security checks



Changes to the Agriculture Operations Safety Levy



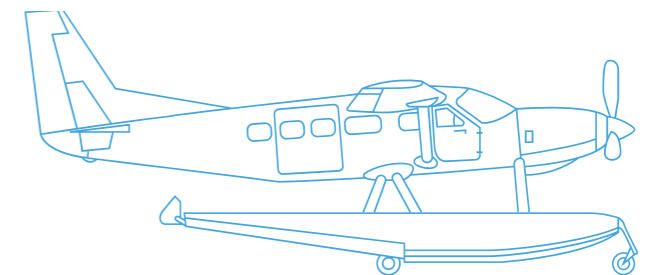
- The Government's funding of our enforcement of the Hazardous Substances and New Organisms Act (HSNO) has ended
- Our enforcement activities surrounding 'the discharge of hazardous substances from an aircraft' relates predominantly to agricultural operators
- In practice this means we investigate incidents such as instances of 'spray drift' or the misapplication of pest control products
- We believe it is appropriate to apportion the majority of these costs to the agricultural sector through the Agricultural Operations Safety Levy (AOSL)
- We have considered changing the basis of the levy (currently levied on tonnes applied) but have proposed keeping the status quo
- An 80% rise in the AOSL will cover most of the costs of the CAA's ongoing HSNO monitoring and enforcement responsibilities



Next steps



- Consultation closes on 14 February 2020 – please submit your feedback via the CAA website or by emailing consultation@caa.govt.nz
- The pricing review team will consider and analyse all feedback received
- This could result in some of the current proposals changing
- Further changes in passenger numbers might affect these proposals
- Cabinet then needs to approve our final recommendations
- Implementation of any new rates is targeted for 1 July 2020



Questions?

