

**Report of the**

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**

**(Including the Aviation Security Service)**

**for the year ended 30 June 1998**

***Presented to the House of Representatives pursuant to section  
44A of the Public Finance Act 1989.***

## Purpose

This Annual Report has been prepared to meet the requirements of:

- Section 38 of the Third Schedule to the Civil Aviation Act 1990;
- Part V of the Public Finance Act 1989; and
- 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 for the year 1 July 1997 to 30 June 1998.

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## Foreword by Chairperson

The aviation industry is one of extraordinary challenge, matched only by the innovation and determination of its participants. The past year has again been a challenging one for the Civil Aviation Authority, and for the industry with which it works. Underlying all the Civil Aviation Authority's activities has been the completion and bedding in of the new Rules structure and the Act, and dealing efficiently, effectively, and fairly with the aviation industry operators.

This is my first annual report as Chairperson of the Civil Aviation Authority. The founding Chairperson Sir Ron Carter KCNZ has passed on to me a strong and capable regulatory authority committed to its role of reducing the rate of aviation accidents and incidents for the benefit of the New Zealand public.

### *Civil Aviation Authority*

The success of the CAA can be judged in many ways. One is to look at the accidents against the backdrop of increased activity. Aviation activity, in terms of hours flown, has risen on average by nine percent a year over the last five years and despite the recent decline in passenger numbers, there is every expectations that this industry trend will continue. By contrast, the number of fatal accidents and deaths continues to decline both in real numbers and in respect to hours flown. This year there were 16 deaths in 9 accidents compared with 18 lives lost in 10 accidents in the 1996-97 reporting year. The total number of reported accidents last year was 111 – compared with 128 in 1993-94.

This ongoing safety improvement can only be achieved by industry fulfilling its responsibilities and working alongside the CAA in meeting its obligations through careful Rule writing, monitoring and surveillance, and education.

In the last three years the CAA has taken a firmer line with people who do not meet the standards the rest of industry would expect and the public demand. In the past 12 months two airlines have been temporarily or permanently grounded while convictions for charges related to so-called bogus parts have been successful. The CAA has established a Regulatory Tools Co-ordination Committee to assist in providing a consistent approach to these enforcement and regulatory activities.

The CAA can also be judged by its financial performance. This year the CAA has a surplus of \$1.060 million over the budgeted surplus of \$0.330m, after an allocation of \$0.500m to the Risk (Contingency) Reserve. The CAA's expenditure was below budget due to a careful, but slower than anticipated, increasing of its staff. This budgeted increase in staff was to meet the demands of an expanding industry.

The CAA continues to be exposed to the financial risks associated with the levy funding being linked to passenger traffic. This places upon the CAA the very same disciplines for management and financial control as exist in the industry. While current trends are for the passenger numbers to reduce further we consider that these trends have been adequately covered in the projections for the coming year.

### *Search and Rescue*

The National Rescue Co-ordination Centre was heavily involved in one of the biggest searches conducted in New Zealand for many years when a Cessna 180 disappeared somewhere in the Southern Alps during a flight from West Melton to the West Coast on 7 November 1997. Despite all the resources applied and considerable efforts by the centre and the searchers no trace of the aircraft or its pilot have been found. While the search was a

severe drain on the centre the Crown has reimbursed the costs as provided for in the performance agreement. The combination of an increase in Crown funding for ongoing costs and a reduction in the number and extent of other centre activations in the second half of the year led to a surplus of \$0.128 million, which was \$0.150 million over the budgeted deficit of \$0.022 million.

### ***Aviation Security Service***

The Aviation Security Service continued its involvement in regional airport services during the year with consolidation of its operations at Hamilton, Palmerston North and Dunedin, although changes to flight timetables did cause some rostering and staff retention problems. Towards the end of the year the Aviation Security Service was involved in planning for the commencement of a weekly Trans Tasman service out of Queenstown.

Officers from these airports continued to be seconded to the three major airports at various times during the year to enhance their skills.

The year also saw a heavy commitment to planning for the APEC 99 series of meetings, with the Aviation Security Service represented on committees both at Auckland and nationally. Work also continued on the implementation of the current Strategic and Business Plans and on development of a new Business Plan.

The Service's explosive detection capability received a substantial boost with the appointment in March of three Auckland dog handlers. Two had almost completed their training by year end, with the remaining handler due to commence training in late August.

In the human resources area, the major initiative during the year was a comprehensive review of recruitment and promotion/selection strategies.

The Aviation Security Service achieved a surplus for the year of \$0.048m. Net revenue international passenger numbers were down by almost 11% against budget forecasts as a result of a sharp drop in Asian passenger numbers. Total revenue was similarly down on budget by 7.4% and the surplus was only achieved by achieving savings in expenditure of 5.26% compared to the budget for the year.



**Rodger Fisher**  
**Chairperson**

## THE CIVIL AVIATION AUTHORITY OF NEW ZEALAND

The Civil Aviation Authority of New Zealand (CAA) was established under the Civil Aviation Act 1990 as a new Crown entity on 10 August 1992 with the prime function of undertaking activities which promote civil aviation safety at reasonable cost.

The Civil Aviation Authority is headed by a five member board of community and aviation industry representatives 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 board is known as “the Authority” and reports directly to the Minister of Transport.

The Aviation Security Service was previously part of the Ministry of Transport and remained under the umbrella of the Ministry in 1992 when the Civil Aviation Authority was formed. In 1993 responsibility for the Aviation Security Service was transferred from the Ministry to the Authority with the provision that the Authority perform its functions in respect of the Service separately from its other CAA functions, including the maintenance of separate accounts, records and reports.

On 1 July 1996 direct responsibility for the provision of Class III Search and Rescue services, including the administration of the National Rescue Co-ordination Centre, passed to the Civil Aviation Authority. Since the establishment of the Civil Aviation Authority in 1992, these functions had been carried out by the CAA but under contract to the Ministry of Transport.

### Members of the Authority

**Sir Ron Carter**

(Chairperson to 30 June 1998)

Sir Ron Carter, as the Executive Chairman of Beca Group Limited, oversees the performance of the sixteen separate companies which make up the Beca Group. Sir Ron is also a Member of the Board of Electricity Corporation of New Zealand, and Deputy Chairman of the Board of Trustees of Auckland Grammar School. In 1997, Sir Ron was made a Distinguished Fellow of the Institute of professional Engineers of NZ and this year he was knighted in the New Year’s Honours for his contribution to engineering and business administration.

**R. Fisher**

(Chairperson from 1 July 1998)

Mr Fisher is currently Managing Director of the Owens Group and has extensive transport sector experience. He brings to his new role a strong background in business management and transport.

**J.E. Aburn**

Mr Aburn is a former President of the New Zealand Stock Exchange and a former Director of the Reserve Bank. He is self-employed as a company director and consultant in Wellington. He holds a private pilot licence. Mr Aburn is a member of the Authority Committee that oversees the Aviation Security Service operations.

**C. Hales**

Ms Hales is the General Manager of Operations at the Wellington International Airport. She is responsible for the day-to-day management of the airport including its property portfolio, and the management of its domestic and international terminals.

**R. Inglis**

Mr Inglis is the managing director of Northwood Hop Company and Shaaba Properties Ltd. He has a strong background in aviation, having been the founder and managing director of Air Nelson and is now the founder and Chief Executive of Origin Pacific Airways Limited.

**M. Dean**

Ms Dean is a self employed lawyer with experience in general commercial law and competition practice and an active interest in alternative disputes resolution. She has had some exposure to the aviation industry through legal work and is a former deputy chair of the Commerce Commission. She is a member of the Authority Committee that oversees the Aviation Security Service operations.

**Chief Executives****K.W. Ward**

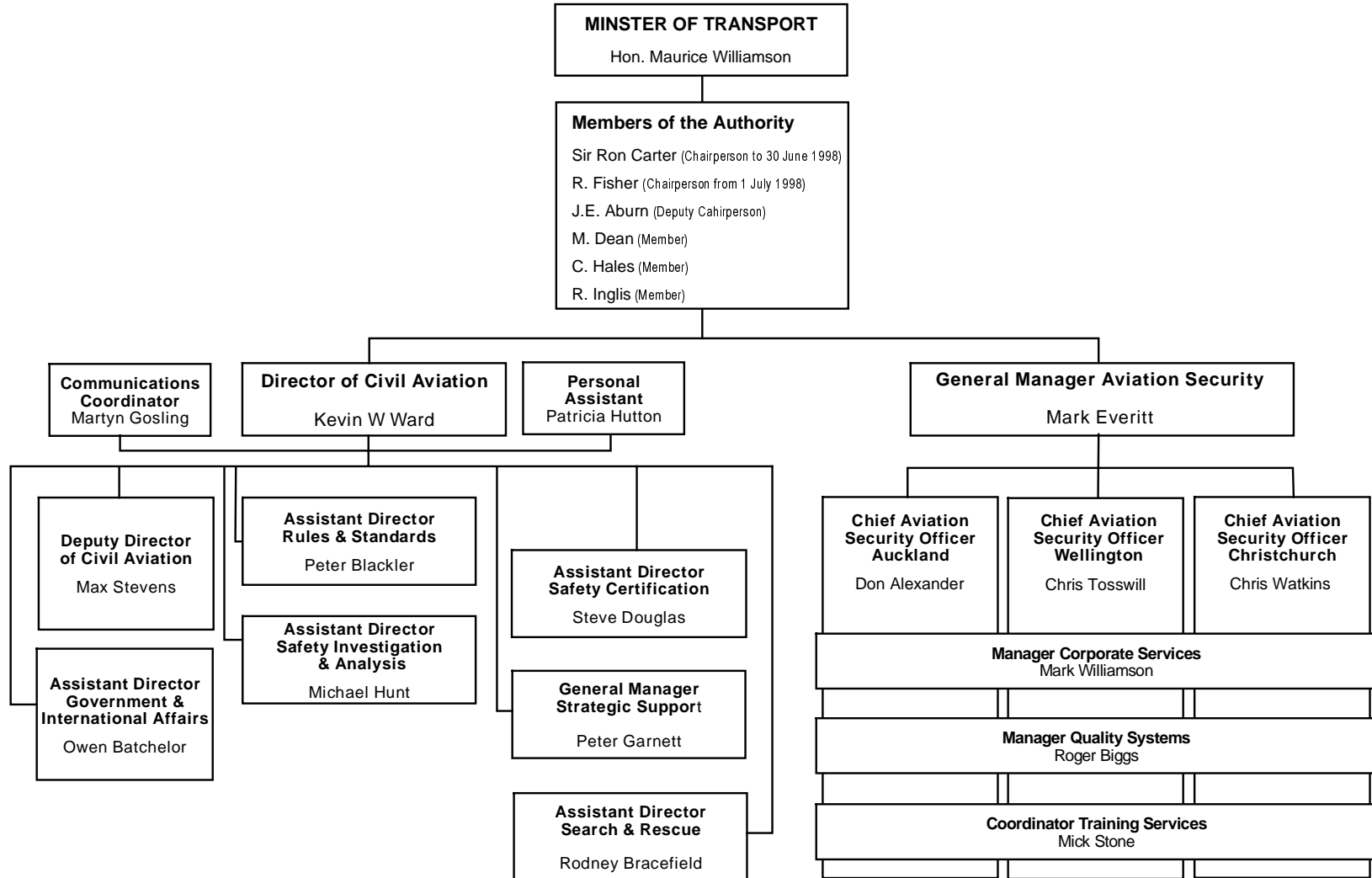
Director of Civil Aviation

**M.T. Everitt**

General Manager of the Aviation Security Service



**Organisation Structure** (as at end of 30 June 1998)





# **CIVIL AVIATION AUTHORITY**



## CIVIL AVIATION AUTHORITY OF NEW ZEALAND

### FUNCTIONS

The primary function of the Civil Aviation Authority (CAA) is to undertake activities which promote civil aviation safety and security at reasonable cost. [Section 72B of the Civil Aviation Act 1990.]

In furtherance of this primary function, the Authority is charged with:

- establishing safety and security standards relating to entry into the civil aviation system;
- monitoring adherence to these standards;
- ensuring regular reviews of the civil aviation system to promote the improvement and development of its safety and security;
- investigating and reviewing civil aviation accidents and incidents in its capacity as the responsible safety and security authority;
- notifying the Transport Accident Investigation Commission of certain categories of accidents and incidents notified to the Authority;
- maintaining and preserving records and documents relating to activities within the civil aviation system, and in particular maintaining the New Zealand Registry 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;
- providing the Minister of Transport with such information and advice as the Minister may from time to time require;
- promoting safety and security in the civil aviation system by providing safety and security information and advice, and fostering safety and security information education programmes; and
- carrying out such other civil aviation functions and duties as the Minister of Transport may from time to time prescribe by notice in the *Gazette*.

As from 1 July 1996 the Authority also took over direct responsibility for the provision of Class III search and rescue services, previously undertaken under contract to the Ministry of Transport. These functions were included in the Civil Aviation Amendment Act 1996 which came into force on 13 August 1996.

In addition, the above Act requires the Director of Civil Aviation, as Chief Executive of the Authority, 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 audits.

## VISION, MISSION AND VALUES

### Vision

*Leading Aviation Safety through Quality to a level of achievement that matches or exceeds the foremost aviation nations.*

### Mission

*The prime purpose of the Civil Aviation Authority is to undertake activities which promote safety in civil aviation at a reasonable cost.*

### Values

<b>Safety</b>	The CAA focus is ultimately on the safety of civil aviation in the public interest. Whenever doubt exists in the exercise of a CAA function or responsibility, the CAA will err on the side of safety.
<b>Consultation &amp; service</b>	Undertaking meaningful dialogue with clients and interested parties and the delivery of services that recognise client requirements (consistent with safety responsibilities).
<b>Quality</b>	The management of systems and people in a manner that delivers optimum service quality to clients. It incorporates our commitment to improvement which means continually learning, improving and developing ourselves, our service and our systems.
<b>Team work</b>	Fostering an esprit de corps - a common ethos, mutual support and respect within the CAA.
<b>Efficiency &amp; effectiveness</b>	Delivering optimal services at reasonable cost.
<b>Fairness &amp; consistency</b>	Treating all clients and staff in a fair and reasonable manner, without fear or favour.
<b>Honesty &amp; ethical conduct</b>	Being an organisation that clients and staff can trust to be open, straightforward and reliable.
<b>Respect for individuals and their views</b>	Treating everyone as we would want to be treated.
<b>Professionalism &amp; skill</b>	Having the personal and technical attributes to perform the CAA's functions to a high standard.

## STRATEGIC GOALS

To achieve its mission, the CAA has the following strategic goals for the next three to five years:

### Safety Goals

1. Reduce the probability and consequences of unsafe events.
2. Improve the community understanding of aviation safety levels and establish acceptable safety target levels.
3. Take safety actions that return a net benefit to the community.
4. Enhance our partnership with the aviation industry, the government and international aviation agencies, by the sharing of information, open debate and consultation, and a common understanding of safety issues and targets.

*All of the above Safety Goals contribute directly to Government's Outcome " A safe, sustainable transport system at reasonable cost"; and indirectly to the Outcome of "Enhanced economic, social and environmental well-being".*

### Non-Safety Goal

5. Promote environmentally and socially responsible civil aviation.

*This Goal contributes directly to Government's Outcome of "Enhanced economic, social and environmental well-being".*

### Business Goals

6. Become and be recognised as a Civil Aviation Authority that does the right things the right way.
7. Support and develop our people, recognising them as the source of our strength.
8. Maximise the benefits of our expertise, products and services.

## OUTCOMES AND OUTPUTS

### Outcomes

The Government's desired outcomes to which the CAA must contribute are:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well-being.

*Note: "Reasonable cost" is defined in section 14 of the Civil Aviation Act 1990 as meaning "where the value of the cost to the nation is exceeded by the value of the resulting benefit to the nation".*

### Outputs

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
POLICY ADVICE	- Advice to Government	Crown funded
	- International Multilateral & Bilateral Aviation Safety related Agreements	Crown funded
	- Legislation and Standards (including Rules) Development	Crown funded, except standards development work for CNS/ATM (Communications, Navigation and Surveillance/Air Traffic Management) and standards development for airworthiness directives, which are levy funded, and the assessing a and granting of exemptions which are funded through fees and charges
SAFETY ASSESSMENT & CERTIFICATION	- Aviation Document Assessment	Direct fees and charges, plus some levy funding
	- Monitoring and Corrective Action Identification	Direct fees and charges plus some levy funding
SAFETY ANALYSIS AND INFORMATION-	- Safety Investigation and Analysis	Levy funded
	- Safety Education and Information	Levy funded
ENFORCEMENT	- Responses to Regulatory Breaches	Levy funded
SEARCH AND RESCUE	- Provision of Class III search and rescue services	Crown funded



## SUMMARY OF ACTIVITIES DURING THE YEAR

### Introduction

The following is an overview of significant aviation safety activities undertaken by the CAA during the year. Details of the more specific and/or routine activities undertaken are contained in the Statement of Intent for the year 1996/7.

### 1. Safety and Security

#### 1.1 Rule Part 135 (Air Transport Operations Helicopters and Small Aeroplanes) Cost Benefit Analysis, consultation and implementation plan

Civil Aviation Rule Parts 119 and 135 concerning the certification and operation of helicopters and small aeroplanes on air transport operations came into effect on 1 April 1997. However, industry participants challenged the requirements of Part 135 as they considered that the rules did not adequately provide for helicopter operations and were unduly restrictive on the operation of single engine aircraft.

Consequently, CAA agreed to have an independent cost benefit analysis carried out on the single engine aircraft rules and accepted an industry petition for a review of the rules affecting helicopters and other small aeroplane operations. The analysis showed that the limitations in the rules for single engine aircraft could not be justified on the basis of risks from engine failure.

The CAA and the industry are now working on the necessary amendments to Part 135 with the objective of having the final amended rule in place by December 1998. This will include a review of the original December 1999 deadline to provide an appropriate extension for the re-certification period, for existing operators.

The aviation industry has also stated concerns about the cost of re-certification under the new rules. During the last quarter, the CAA, in consultation with the aviation industry, commenced a review of the certification process with a view to assisting industry to reduce their certification preparation costs, and streamlining of CAA certification process.

#### 1.2 Air Traffic Services at Ardmore Aerodrome

Early in the year the Airways Corporation stated that, in moving to "location specific" pricing, the charges for Ardmore aerodrome air traffic services would increase by 250%. This was not well received by the airport company or the users.

During September, at the request of the airport company, the CAA undertook a safety assessment to determine the appropriate level of air traffic services for the aerodrome. A cost-benefit analysis, completed as part of the assessment, suggested that the cost of providing full air traffic control (ATC) was not justified when compared to the cost of providing an aerodrome flight information service (AFIS).

The airport company then advised CAA of its intention to reduce the hours of ATC being provided by Airways Corporation. The proposal was not acceptable to the CAA and an Emergency Rule was issued in December stipulating the minimum hours of ATC service and other safety measures.

In February the Director consulted with interested parties and amended the Emergency Rule. This was to ensure an acceptable level of safety was maintained at the aerodrome with the notified withdrawal of the Airways Corporation aerodrome control service in March. Also at this time a review of the original assessment by the CAA, along with additional information, showed little difference in the cost benefit of the ATC and AFIS.

During June the CAA carried out a review of the requirements in the Emergency Rule and concluded that, in conjunction with the additional services and facilities being provided by the airport company, the rule would not need to be extended beyond the expiry date of 3 July. Action was then taken to replace the Ardmore aerodrome control zone with a mandatory broadcast zone therefore requiring the aerodrome and its users to operate in accordance with existing Civil Aviation Rules.

### **1.3 Aviation Threat Assessment - Hold-stow Baggage screening review**

Due to the likely increase in the risk to aviation arising from the high profile events of the years 1999 and 2000, including APEC, America's Cup and Olympics 2000, the CAA initiated a review of its hold-stow baggage screening policy. Affected sectors of the aviation industry and Government agencies were consulted and specific threat assessments are being obtained.

ICAO Annex 17 recommends States undertake 100% screening of baggage accepted for carriage on all international passenger aircraft. Most member States, particularly those traditionally considered to have a low level of risk of sabotage including New Zealand nor Australia, have not introduced these measures.

### **1.4 Suspension of certificates – Great Barrier Airlines Ltd & United Aviation Ltd**

#### ***United Aviation Ltd***

In July 1998 the Director suspended the Air Service Certificate of United Aviation Ltd, together with the maintenance licence of the chief executive and the maintenance controller, due to safety concerns. The airworthiness certificates of two aircraft owned by the company were also suspended and action against other aviation documents held by the company undertaken.

Following these decisions, the company went into receivership and ceased operations. The receivers did not pursue appeals lodged by the company against the Director's decisions. Consideration of the fit and proper person status of the relevant document holder was discontinued when the company's Air Service Certificate was revoked.

#### ***Great Barrier Airlines Ltd***

In June 1998 the Director suspended the Air Service Certificate and other aviation documents held by Great Barrier Airlines Ltd following a special purpose audit of the operator. Action to suspend, or impose conditions on documents was also taken in respect of the company's aircraft and the licences of a number of its pilots. In a remedial action plan agreed with the operator, the Director specified the conditions for re-entry and the implementation of a number of changes to the company operations.

### **1.5 Aeronautical Information Service Funding**

At present New Zealand's international obligation to provide an Aeronautical Information Service (AIS) is carried out on behalf of the CAA by the Airways Corporation. The NOTAM

portion of the service is funded by air traffic service charges, while the Aeronautical Information Publication (AIP) service is funded from the sale of the New Zealand AIP and associated aeronautical charts.

The Airways Corporation is having difficulty maintaining the viability of the AIP service. In this regard the CAA has allowed the Corporation to reduce the frequency of publication of the Visual Flight Guide (VFG). A proposal to charge aerodrome operators for publishing their aeronautical information in the AIP met with heavy opposition from the industry and was not accepted by the CAA for safety reasons.

Funding for the AIS will be reviewed in 1998/9.

### **1.6 Spot check surveillance on operators of light twin aircraft involved in air transport operations.**

During October, 14 CAA Safety Auditors carried out spot checks throughout the North Island and the upper part of the South Island on the operators of light fixed wing aircraft engaged in air transport activities. A number of deficiencies were found that the operators were required to remedy. Two special purpose audits were initiated as a result of this activity. Industry reaction was generally positive.

### **1.7 Safety Investigation Programme**

Resource shortages within the CAA had, in 1996 and early 1997, caused the number of open investigations into aviation safety occurrences on the CAA's database to increase to around 3,000. By the end of the year, work to rectify this backlog had reduced the number open to a manageable 700 or so. Safety investigations provide relatively recent information for accurate and up to date analysis purposes.

### **1.8 Enforcement**

During the year a total of 63 Informations were laid against 26 persons. As a result of the 63 Informations, there were 23 convictions, 2 were dismissed, 4 were diverted, 7 withdrawn and 27 are pending.

A major feature of the years' enforcement program was three cases involving the unlawful use and supply of unapproved helicopter components, jointly undertaken by the CAA and the New Zealand Police. In one case a person was found guilty on two counts of manslaughter and was sentenced to three years imprisonment and ordered to pay \$22,500 in reparation. In the second case, the defendant was found guilty of dangerous activity involving an aircraft, communicating false information concerning safety of an aircraft, and using a document with intent to defraud. The defendant was sentenced to 6 months imprisonment. The third case is pending.

### **1.9 Establishment of Regulatory Tools Co-ordination Committee**

A Regulatory Tools Co-ordination Committee (RTCC), chaired by the Deputy Director, has been established within the CAA to co-ordinate the various regulatory tools that may be applied to significant safety-related failures or regulatory breaches.

### **1.10 Provision and Funding of the Volcanic Ash Advisory System**

The CAA completed its role in the development of a system to ensure operators have available to them information on the presence and extent of volcanic ash such that they may

safely continue operations. It is expected that the external providers of the system will agree suitable funding with operators in the very near future. In the meantime the system is being held in stand-by mode and can be brought into action in the event of a volcanic ash episode.

## **2. Risk Management**

### **2.1 Transport Accident Investigation Commission report on accident to United Aviation Beech Baron and Ministerial Inquiry**

Following receipt of the Transport Accident Investigation Commission (TAIC) report into the fatal accident to ZK-KVL in the Tararua Ranges on 11 June 1997 the Minister of Transport called for a Ministerial Inquiry into aspects of the CAA's performance. The Minister considered there were sufficient inconsistencies between the advice of two agencies to merit independent review. Preparations for CAA submission to the inquiry had commenced at year end.

### **2.2 Controller and Auditor-General Report on Risk Management Transport safety Authorities**

The Office of the Controller and Auditor-General conducted an audit of the CAA's aviation risk management in March and April 1997 and published its final report in December. The CAA disagreed with a number of aspects of the draft report and this led to some changes in the report. However, the CAA considers the final report tabled in Parliament still indicates a lack of understanding by the authors of the comprehensive aviation safety risk management approach taken by the CAA. These views were recorded with the Auditor-General and expressed to the Minister.

Nevertheless, the CAA is continuing to work constructively to further improve its resources and practices taking the Auditor-General's study into consideration.

### **2.3 Passenger Levy Income**

The CAA continued to closely monitor its levy funding flows in relation to changes in domestic and international air travel. Care was taken in reviewing the long term forecast in passenger numbers and the forecast of growth for 1998/99 has been set more conservatively than in past years.

A significant portion, 67%, of the funding to the CAA comes from levies on domestic and international passengers. Reliance on this third party activity is recognised as a financial risk factor, as evident in the reduction of visitors from Asian countries. While this reduction has been partly offset by increased numbers of Australian visitors and New Zealanders travelling, revenue from the international departure levy was \$0.552m below budget for this year. This shortfall has in part been offset by increases in fees and charges and interest revenues.

### **2.4 Risk Management Policy and Interim Risk Profile / Gap Analysis**

A study was made into risk management practices in Australian, Canadian and New Zealand Governments, other civil aviation authorities, and industry. As a result, the CAA has adopted the methodology in the Australian/New Zealand Standard AS/NZS 4360 "Risk Management". A CAA Risk Management Policy has been developed and adopted, an initial risk profile developed and accepted, and an initial risk gap analysis undertaken.

## 2.5 Business Continuity Planning/Disaster Management Plan

A Business Continuation Plan to provide the CAA with the ability to maintain or rapidly resume operations is 95 per cent complete pending final decisions on emergency alternate sites, restart priorities, and final training and testing.

## 2.6 Legal

### *ATPL – Judicial Review*

Three airlines challenged the rule making process and the decision to decline a petition for exemption in relation to the Civil Aviation Rule which requires Bandeirante aircraft to be operated with Airline Transport Pilot Licence (ATPL) holders as pilots-in-command. In a judicial review in which the airlines sought interim relief, the High Court upheld CAA's interpretation of the Rule.

### *International Heliparts*

The Court of Appeal dismissed the Director's appeal on the decision of the High Court that overturned the Director's decision to suspend the Certificate of Approval held by International Heliparts Ltd. By the time the appeal was heard, the Director had taken action to suspend and revoke the certificate on other grounds.

The company subsequently filed a claim of negligence, and misfeasance in a public office regarding the revocation of the certificate.

### *Soundsair Ltd*

The final report on the Soundsair accident on Mt Robertson in January 1996 was received from the Blenheim Coroner in October. It was found that the inability of Soundsair to fly its Caravan aircraft as an IFR (instrument flight rules) flight was not a direct cause of the accident. It was also requested that the civil aviation safety issues raised in the inquest regarding single engine IFR passenger carrying flights be resolved expeditiously.

Soundsair appealed the Director's decision to impose certain conditions on the operation of the airline in March 1997, however this appeal has not been pursued.

### *Other Significant Litigation*

At the end of the year the CAA was subject to; two statements of claim that the CAA negligently issued Certificates of Airworthiness for particular aircraft, and one claim of negligence, misfeasance, and breach of statutory duty regarding the suspension of an air service certificate.

## 2.7 Year 2000

The CAA has been monitoring developments on the Year 2000 "bug" in international civil aviation. Staff have undertaken training and attended local seminars to gain a strong insight into the situation.

The major components of the New Zealand aviation industry, including the CAA, continue to work together to minimise any safety risk posed by the Year 2000 "bug". This includes participation in work being done internationally to review the progress being made by air

traffic control service providers and major airports. Completion of this study is expected by mid-1999.

During the year the CAA business system were reviewed and an inventory of Year 2000 compliance established. The review identified that the majority of CAA systems are Year 2000 compliant. Existing information system development programmes will ensure the outstanding systems will achieve compliance during 1998/99.

## **2.8 Victim Support**

The CAA has signed a protocol with the Council of Victim Support to provide counselling and support for the survivors or next of kin of air accident casualties in cases where the CAA is the investigating agency.

To date Victim Support has been used in eight fatal accidents to date with considerable success.

## **2.9 Service Charter**

There were six Service Charter complaints received for the year, of which five were resolved. The one remaining complaint open at the end of the year was received in June 1998.

# **3. Strategic Management**

## **3.1 Retirement of CAA Chairperson Sir Ron Carter**

Sir Ron Carter, KCNZ, retired from the position of Chairperson of the Civil Aviation Authority on 30 June, having held the position since the creation of the CAA in 1992. The new Chairperson is Mr Rodger Fisher.

## **3.2 Visits by CASA Chairman and key people**

In April, two senior airworthiness officials from the Civil Aviation Safety Authority of Australia (CASA) visited to study New Zealand's aircraft type certification and type acceptance processes. As a result of this visit, New Zealand was added to the short list of countries whose aircraft Type Certificates will be automatically accepted in Australia.

This followed an earlier visit in March 1998 by Mr Dick Smith, Chairman of the Civil Aviation Safety Authority of Australia.

## **3.3 Cockpit Voice Recorder Policy**

The Transport Accident Investigation Commission (TAIC) final report on the Ansett Dash 8 accident on 9 June 1995 was released during the year. The release followed a series of court actions by the New Zealand Airline Pilots' Association.

The Court of Appeal ruled that parts of the Cockpit Voice Recorder (CVR) transcript could be published in the TAIC report because they were intrinsic to analysis of the causes of the accident. The ensuing reaction to the issue of the uses of CVR information acted as a catalyst for the Government to consider introducing legislation to reflect New Zealand's position.

The Ministry of Transport distributed a white paper proposing New Zealand legislation for the use of any accident or incident investigation records to the aviation industry on which the CAA made an extensive submission.

As a result of the submissions a revised legislative proposal was presented to the Government.

### **3.4 Contracting Out Policy**

Initial research on the principles of delegation and contracting out CAA operations, and the legal basis and ramifications, has been completed. The Aviation Industry Association and the CAA formed a joint working group developed a process for identifying which Authority functions might appropriately be devolved. In accordance with the Authority's Performance Agreement the final report of the working group was presented to the Minister in December 1997.

The next phase of this project is continuing, with the assessment of seven function services, identified by the joint working group, to determine if these functions could and should be contracted out through a tender process.

### **3.5 Performance Measures Development Project**

The CAA undertook a major exercise to review existing performance indicators and establish improved measures for 1998/99. The DGR Consulting Group was commissioned to facilitate the process of developing practical performance indicators. The new measures were negotiated and finalised with the Ministry of Transport and have been incorporated into the 1998/99 Civil Aviation Authority and Search and Rescue Performance Agreements.

### **3.6 Relationship with the AIA**

During this year elements within the Aviation Industry Association (AIA) expressed significant dissatisfaction with certain operating rules, the cost of certification and the difficulty of writing the associated manuals. The AIA lobbying included articles in the AIA newsletter and in the aviation press, letters to the Minister and Prime Minister.

Productive meetings have been held with the AIA to reach mutual understanding on the issues and to restore the previous constructive relationship.

### **3.7 ICARUS Funding**

The Airways Corporation no longer funds ICARUS, New Zealand's independent confidential aviation reporting system. A meeting of aviation representatives, under the chairmanship of Sir Ron Carter, agreed an industry-based funding solution for ICARUS; The CAA agreed to pay for two years an annual contribution of \$35,000 plus GST while a suitable collection mechanism was consulted and implemented.

The CAA also agreed to meet \$22,000 of the \$30,000 General Aviation sector's annual contribution for the 1998/99 financial year.

### **3.8 Internet Web Site – <http://www.caa.govt.nz>**

A comprehensive *knowledge base* was launched on the CAA's Internet Web Site in December. All up-to-date Civil Aviation legislation and other important safety information is provided, free of charge, in an easy to navigate system. Industry reaction to this initiative has been overwhelmingly positive.

### 3.9 ISO Certification

In June the final Groups and Units within CAA were ISO approved. This resulted in the Bureau Veritas Quality International (BVQI) advising that the CAA was now ISO 9001 compliant as an organisation. It is understood that the CAA is now the only fully ISO certificated state aviation authority.

### 3.10 Leadership and Communications Development Programmes

Several Achieving Through Leadership workshops, developed by the CAA, were held for managers early in the year. These were followed by a series of workshops for all staff on developing interpersonal communications skills.

### 3.11 Ministry of Transport Audit of CAA

Action items from the Performance Review of the CAA, conducted by Arthur Andersen Consulting for the Ministry of Transport in the previous year, were attended to during 1997/98.

### 3.12 Attendance at key conferences

#### (a) *ICAO Aviation Security Asia Pacific Seminar - New Delhi*

This meeting analysed the many security incidents over the preceding three years and addressed developing strategies to address trends in unlawful interference with aviation and lines of accountability. The development of standard training packages for aviation security management, crisis management, supervisory skills and basic security training were also discussed. ICAO (International Civil Aviation Organisation) formally acknowledged the leadership and contribution from the CAA.

#### (b) *Directors General of Civil Aviation Conference – New Delhi*

The key themes of the Conference were, issues and accountability for safety and security pertaining to leased aircraft operations, and harmonisation of civil aviation regulations among States. Other agenda items included planning and progress reporting on a broad range of safety and security initiatives. The New Zealand Delegation presented a comprehensive paper on the regulation of foreign leased aircraft operations.

#### (c) *ICAO Director General's Safety Oversight Conference – Montreal*

The key issue was the ICAO proposal that ICAO carry out regular, mandatory, and systematic safety audits of all Contracting States with those States being given a reasonable time to remedy deficiencies before such information was made public. A complimentary recommendation urged States to provide support for other States in fulfilling their safety oversight obligations. This is consistent with the work the CAA is involved with assisting South Pacific Forum States in effectively discharging their safety and security obligations.

#### (d) *ICAO Conference on Institutional, Legal and Funding Issues affecting CNS/ATM Implementation – Rio de Janeiro*

Non-technical issues surrounding global Communications, Navigation Surveillance and Air Traffic Management Systems [CNS/ATM] Implementation were identified and discussed. The experience already gained by New Zealand with the embryonic system in



the South Pacific enabled our delegation to make a good contribution to the conference. Information gained was also of considerable value to the CAA's work in this area.

**(e) *Joint Flight Safety Conference – Washington***

Joint meeting of the Flight Safety Foundation (FSF) 50<sup>th</sup> International Air Safety Seminar (IASS), the International Federation of Airworthiness (IFA) 27<sup>th</sup> International Conference, and the International Air Transport Association (IATA). It covered Safety Management, Design and Maintenance, Flight Operations, Flight Environment, Air Traffic Management, and Globalisation and “Virtual” airlines. The philosophical differences between influential States with regard to regulatory methodology was highlighted during proceedings.

**(f) *FAA/JAA Harmonisation Conference - New Orleans***

The conference examined four areas of harmonisation; flight operations, personnel licensing, aircraft certification, and aircraft maintenance.

The slow harmonisation progress since the CAA last attended the conference in 1996 was disappointing. The major contributing factor is that the concept of mutual recognition continues to be specifically noted as unacceptable to the respective authorities of the USA and Europe

The non FAA/JAA authorities in attendance, including New Zealand, Canada, Australia, Malaysia, and Russia formed the view that without some clear direction the meeting was not productive.

**(g) *South Pacific Civil Aviation Minister's Meeting, Suva***

The purpose of the meeting was to gain the support of the Aviation Ministers of the small island states for the improvement of aviation safety and security within the Region by adopting regional collaborative mechanisms. Full ministerial agreement was achieved on programmes and an action plan for airspace management, aviation economic regulation and liberalisation, airworthiness and operational safety oversight, aviation security, and harmonisation of regulations.

## GOOD EMPLOYER REQUIREMENTS

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.

### 1. Staff Numbers

	Total as at 30/6/1997	Total as at 30/6/1998	Variance
Female	34	40	+6
Male	89	102	+13
<b>TOTALS</b>	<b>123</b>	<b>142</b>	<b>+19</b>

### 2. Employment Contracts

CAA personnel have a documented and signed employment contract setting out the terms and conditions of employment with the CAA. In addition the CAA has developed a *Guide to Employment Relationships*, CAA human resource policies and procedures and a *Code of Conduct* to assist staff in understanding and interpreting the employment relationship.

#### Equal Employment Opportunities (EEO)

The CAA is currently reviewing EEO policies, procedures and programmes. We are expecting to raise employee's awareness and understanding of EEO as a result of initiatives currently being developed. These initiatives will be implemented during the 1998/1999 year.

#### Employee Assistance Programme (EAP)

The CAA has two trained EAP officers. Staff sought help and advice on a broad range of personal issues throughout the year. Further resources have been allocated to the Employee Assistance Programme for the 1998/1999 year to ensure the continued success.

#### Maori Perspective

The CAA continues to observe its duty under the Civil Aviation Act to recognise the aims, aspiration and employment requirements of Maori, as well as the need for greater involvement of Maori as employees of the CAA.

#### Training

Part of the ongoing commitment to staff is the development and implementation of a development policy and programme that meets the needs of the organisation and enhances individuals personal development. Allocation of resources in this way made it possible for staff to attend a broad variety of technical and general personal development seminars and courses.

## **SEARCH AND RESCUE SERVICES**

### **1. Significant Activities & Issues for the Year**

A report on the future funding of the search and rescue operations was completed and copies were provided to the Authority and the Ministry of transport.

A number of routine searches were undertaken of which the following major search and rescue operations are worth mentioning:

- (a) In September an RNZAF Orion successfully located 2 American Seamen after their fishing vessel went aground on Beverage Reef – situated in the Pacific Ocean between the Cook Islands and Tonga. A helicopter from HMNZS Canterbury was sent to rescue the seamen in bad weather conditions.
- (b) In November, as a result of Hurricane “Martin’s” devastation of the northern Cook Island of Manihiki and the loss of several inhabitants swept out to sea, a search was conducted over a three day period using RNZAF Hercules and P3 Orion aircraft. No survivors were found and the search was suspended.
- (c) Also in November a C180 Cessna, ZK-FMQ, went missing while returning to Haast. An extensive search over a very large search area failed to locate the aircraft and search was eventually suspended.
- (d) In December 9 sailors were rescued from the yacht “Terminator” which was disabled while participating in the Akaroa to Wellington yacht race. The rescue was carried out by the Wellington based Westpac Trust rescue helicopter in extreme and dangerous weather conditions.

The National Rescue Co-ordination Centre (NRCC) was not activated during April – June. Statistics show that with the exception of Local User Terminal (LUT) alerts, other SAR activities have fallen quite markedly below predictions towards the end of the year.

Key rings have been distributed to pilots to help them remember to terminate flight plans and check for beacon transmissions at shutdown. Some 400 aircraft are now fitted and distribution continues through the CAA Field Safety Officers.

### **2. Meetings and Seminars**

On the 9 June 1998, a search and rescue exercise between the NRCC and the Nadi RCC was held. The exercise scenario consisted of an overdue aircraft on the New Zealand/ Fiji Search and Rescue Region border. It was designed to test the determination of responsibility, entry procedures, transfer of responsibility and communications as detailed in a Draft SAR Arrangement document submitted by CAA to Fiji for ratification. SAR officer attended the Nadi RCC as facilitator and reported that the exercise met the desired objectives.

On 10 June 1998, the AusSAR Consultative Council Meeting in Canberra was attended. A topic of concern was the misleading advertising in Australia and New Zealand publications, concerning the marketing of New Zealand manufactured, Personal Locator Beacons (PLB).

## **POLICY DIRECTIVES**

During this year, no new Policy Directives were issued.

Since the establishment of the Civil Aviation Authority, only one Policy Directive has been 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 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**

In April 1998, with the consent of the Minister of Transport, the Director delegated to Mr Michael Lynskey, 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. This delegation expires on 30 June 2002 unless suspended or revoked by the Director. The delegation is subject to various conditions and limitations specified in the Schedules to the Delegation.

This delegation replaced an earlier delegation to Mr Murray Smith, formerly General Manager of Aviation Services Limited. These powers were first delegated to Mr Smith in 1992.

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

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

In March 1997, the Director delegated his powers, with the consent of the Minister of Transport, under Rule 19.155 of the Civil Aviation Rules 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;

to Mr Dennis Hoskin, the Navigation Services Manager of Airways Corporation. The delegation is valid until 31 March 2000, provided that Mr Hoskin continues to be employed as Navigation Services Manager for the Airways Corporation.

### **Microlight Organisations**

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 four individuals holding senior positions in the Sport Aviation Corporation Limited and the Recreational Aircraft Association of New Zealand Incorporated. 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.

New delegations were issued with the Minister's consent in April 1998. The delegation to Mr Max Clear and Mr Barry Readman of Sport Aviation Corporation Limited replaced a delegation to the former Chief Executive of the company, which expired on 1 April 1998. The delegations to Mr Philip Weake and Mr Evan Gardiner of the Recreational Aircraft Association of New Zealand Incorporated replaced a delegation to Mr Weake made before the organisation changed its name from the Microlight Aircraft Association of New Zealand Incorporated to the Recreational Aircraft Association of New Zealand Incorporated.

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 Sport Aviation Corporation Limited and the Recreational Aircraft Association of New Zealand hold Microlight Organisation Certificates issued by the Director pursuant to Civil Aviation Rule Part 103.

The Civil Aviation Authority conducts an annual audit of the Sport Aviation Corporation Limited and the Recreational Aircraft Association of New Zealand Incorporated.

### **Search and Rescue Mission Co-ordinators**

The Director has delegated, with the consent of the Minister of Transport, his power in Civil Aviation Rule Part 73 to prescribe restricted areas for the purposes of Search and Rescue, Police, Fire Service and National Civil Defence Operations to five Search and Rescue Mission Co-ordinators contracted to the National Rescue Co-ordination Centre which is established, maintained and operated by the CAA pursuant to section 72B of the Act. The five Search and Rescue Mission Co-ordinators are not employees of the Authority. These delegations are valid for a period of three years, unless revoked by the Director.

### **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 and holders of Certificates of Approval issued under regulation 176 of the Civil Aviation Regulations 1953. 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.

There have been a number of changes in these delegations in the reporting period due to the transition from Regulations 176 to Rule Part 146. Delegates were required to obtain an exemption under section 37 of the Act from the requirements of Part 146 pending their employer organisation's certification under Part 146.

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

- Air New Zealand
- Ansett New Zealand
- Pacific Aerospace Corporation
- NTech Limited
- Safe Air
- Aviation Design Solutions Limited
- Analysis and Design Associates Ltd

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

### **Meteorological Services**

On 20 August 1997, the Director delegated with the consent of the Minister of Transport, the Director's power under Civil Aviation rule 19.257 to prescribe "danger areas" for the purposes of controlling air traffic, ensuring the safety of air navigation and facilitating the control of aircraft operations. The delegation applies only to the prescription of danger areas needed in areas where volcanic activity, such as flying rocks, gas fumes and ash clouds may be present and is subject to the conditions specified in the attached Instrument of Delegation.

The delegation expires on 20 August 1998.

## STATEMENT OF IMPACTS AND CONSEQUENCES

### Introduction

The aviation safety outcome measures, which relate to the Government's desired outcomes to which the Civil Aviation Authority must contribute, were established in 1993/94 as the rates of the following categories of occurrences compared to targets set for each category:

1. Aircraft accidents.
2. Aircraft incidents.
3. Airspace incidents.
4. Aircraft defect incidents
5. Compliance with civil aviation rules.

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 aviation accident rates has not been achieved, accident rate reduction targets were established for specific categories of operations and aircraft for achievement by the year 2000.

Improvements continued to be made to the collection of data in support of these aviation safety outcome measures and the CAA's analytical tools to assess this data, and to identify causal factors and underlying trends.

Two six-monthly Aviation Safety Reports covering the period 1 January 1997 to 31 December 1997 have been completed and submitted to the Minister. These Reports provide full analysis, including trends and causal factors, of aviation industry operational activity and the occurrences (accidents, incidents) that were reported during the six month period.

## OUTCOME MEASURES

The overall aviation safety measures which relate directly to the first outcome above, and indirectly to the second, are the rates of the following compared to established targets:

1. **Aircraft accidents.**
2. **Aircraft incidents.**
3. **Airspace incidents.**
4. **Aircraft defects.**
5. **Compliance with civil aviation safety rules.**

**Note:** *"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".*

*"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 objective of these measures is to identify:

- (a) the safety performance of the aviation industry;
- (b) areas where action needs to be taken by the CAA;
- (c) the consequences of action taken by the CAA (i.e. the impact and consequences of the CAA's outputs).

## AVIATION SAFETY OUTCOME PERFORMANCE TARGETS AND MEASURES

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

- (a) *the CAA is only one contributor to the achievement of these targets, with the aviation industry the major contributor;*
- (b) *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;*
- (c) *the community's expectations in terms of acceptable levels of safety have not yet been established;*
- (d) *while benchmarking against other countries' rates is a useful measure, it still must be decided whether the rates achieved by these other countries are appropriate in the New Zealand environment.*



## OUTCOME RESULTS

### 1. AIRCRAFT ACCIDENTS

**Target:** *Fixed Wing Aircraft*

1. A downward trend in the rate of aircraft accidents involving fixed wing aircraft.
2. By the year 2000, to reduce the rate of aircraft accidents involving fixed wing aircraft as shown in the following table:

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

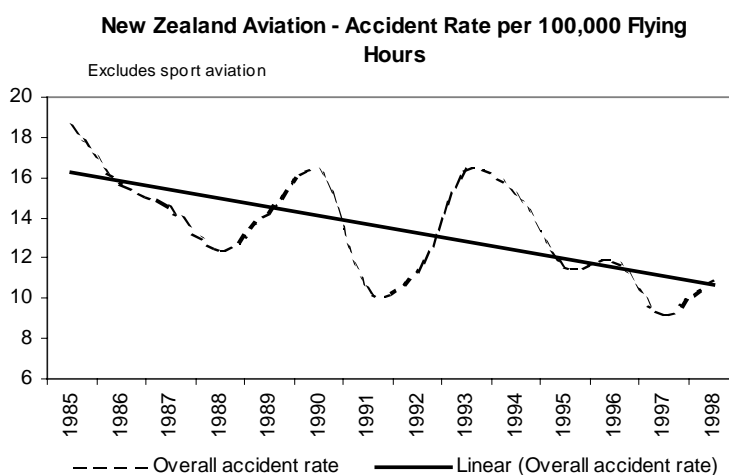
TYPE OF OPERATION FIXED WING AIRCRAFT	AIRCRAFT WEIGHT BREAK	MOVING AVERAGE	ACCIDENTS PER 100,000 FLIGHT HOURS BY YEAR 2000		LONG-TERM ACCIDENTS PER 100,000 FLIGHT HOURS	
			Target	Achieved 97/98	Target	Achieved 97/98
Commercial passenger and freight air transport operations	13600kg and above	10 years	0.5	0.7	Trending down	No identifiable trend
	5700kg to 13600kg	10 years	1.0	1.0	Trending down	Trending down
	2730kg to 5700kg	5 years	2.0	9.2	Trending down	Trending up
	Below 2730kg	12 months	2.5	13.5	Trending down	Trending down
Commercial other than passenger and freight air transport operations	Below 2730kg	12 months	5	7.3	Trending down	Trending down
Private non-revenue	Below 2730kg	12 months	25	31.2	Trending down	Trending down

**Target:** *Helicopters*

1. A downward trend in the rate of aircraft accidents involving helicopters.
2. By the year 2000, to reduce the rate of aircraft accidents involving helicopters as shown in the following table:

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

TYPE OF OPERATION HELICOPTERS	MOVING AVERAGE	ACCIDENTS PER 100,000 FLIGHT HOURS BY YEAR 2000		LONG-TERM ACCIDENTS PER 100,000 FLIGHT HOURS	
		Target	Achieved 97/98	Target	Achieved 97/98
Commercial passenger and freight air transport operations	12 months	5	6.5	Trending down	Trending down
Commercial other than passenger and freight air transport operations	12 months	15	30.6	Trending down	No identifiable trend
Private non-revenue	12 months	25	72	Trending down	Trending up



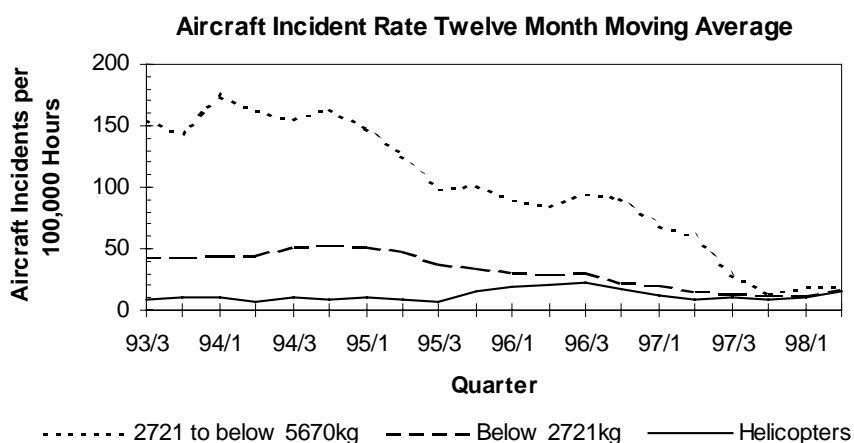
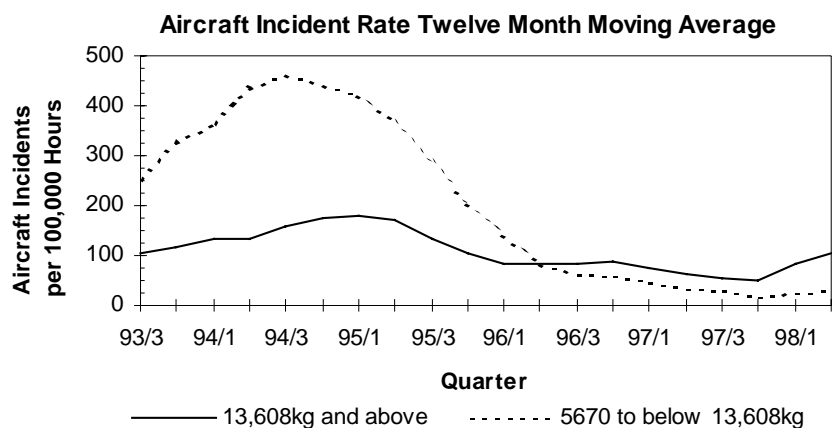
## 2. AIRCRAFT INCIDENTS

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

*Note:* The introduction of Civil Aviation Rule Part 12 is likely to result in an initial increase in the number of incidents reported and an initial distortion of the trend lines.

**Measures :** The number of incidents per 100,000 flight hours with reports based on aircraft weight breaks as per those under Accidents above.

Aircraft Group	Trend
13,608kg and above	Trending up
5,670kg to below 13,608kg	No identifiable trend
2,721kg to below 5,670kg	Trending down
Below 2,721kg	No identifiable trend
Helicopters	Trending up



### 3. AIRSPACE INCIDENTS

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

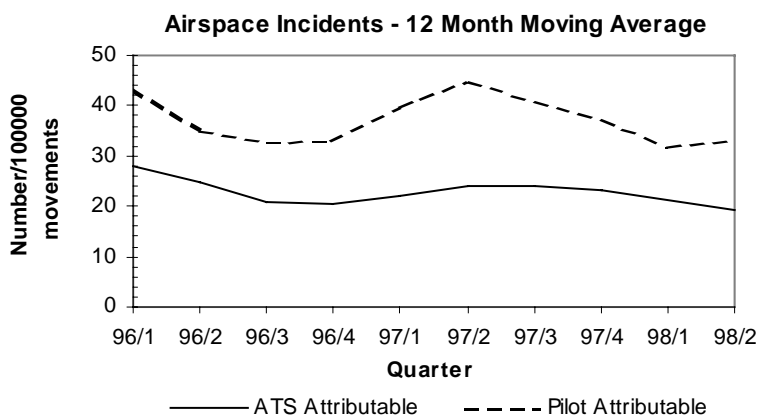
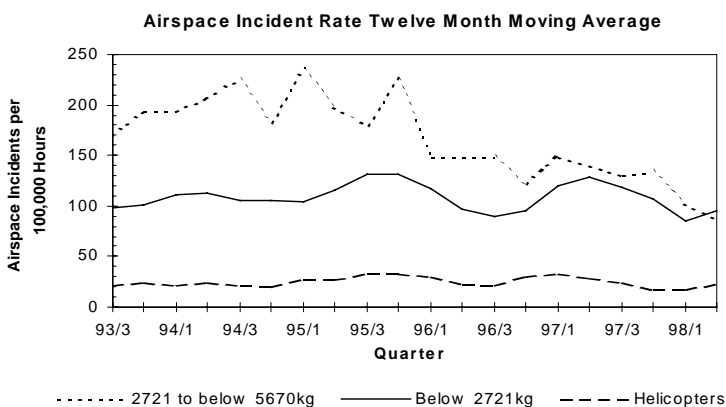
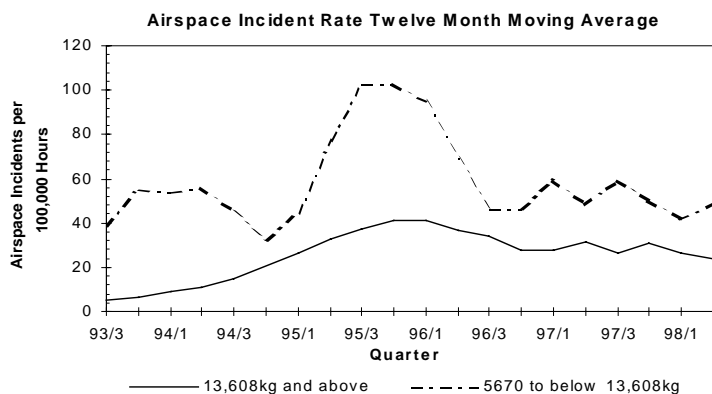
**Note:** The introduction of Civil Aviation Rule Part 12 is likely to result in an initial increase in the number of incidents reported and an initial distortion of the trend lines.

**Measures:** 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 per those under Accidents above.

Aircraft Group	Trend (ATS and Pilot)
13,608kg and above	No identifiable trend
5,670kg to below 13,608kg	Trending down
2,721kg to below 5,670kg	Trending down
Below 2,721kg	Trending down
Helicopters	No identifiable trend

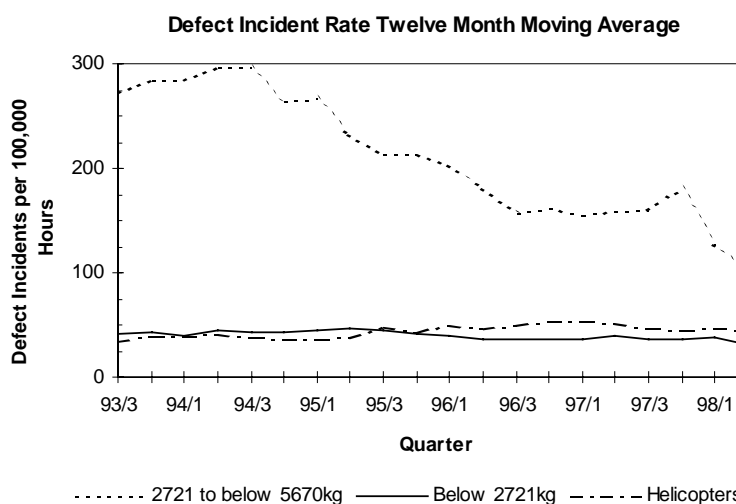
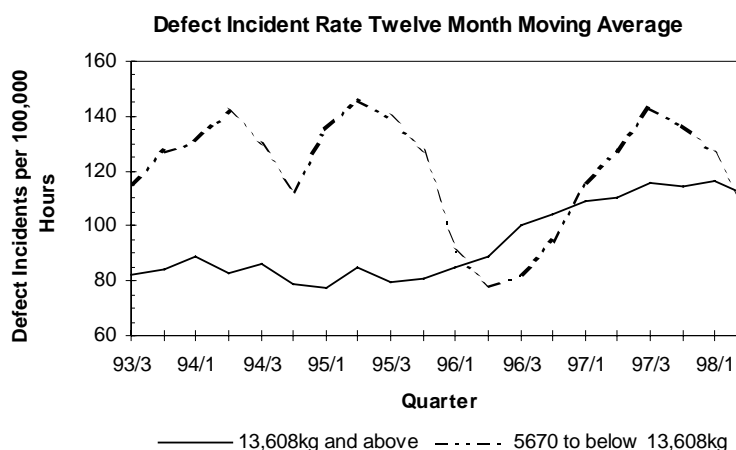


#### 4. REPORTABLE AIRCRAFT DEFECTS

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

**Measures:** The number of defects per 100,000 flight hours with reports based on aircraft weight breaks as per those under Accidents above.

Aircraft Group	Trend
13,608kg and above	No identifiable trend
5,670kg to below 13,608kg	Trending down
2,721kg to below 5,670kg	Trending down
Below 2,721kg	No identifiable trend
Helicopters	No identifiable trend





# **AVIATION SECURITY SERVICE**





## **AVIATION SECURITY SERVICE**

### **FUNCTIONS**

The Aviation Security Service is responsible for:

- screening all departing international passengers and baggage at all international airports in New Zealand to standards laid down in relevant legislation, regulations and rules as may be determined from time to time;
- providing such other aviation security services and screening, such as screening of domestic passengers and baggage, as is judged advisable by the Director of Civil Aviation from time to time;
- undertaking searches, where necessary, of passengers, baggage, cargo, aircraft, aerodromes, and navigation installations;
- carrying out patrols at security designated aerodromes and navigation installations;
- reviewing, inquiring into, and keeping itself informed on security techniques, systems, devices, practices, and procedures related to the protection of civil aviation and persons employed in or using it;
- undertaking, encouraging or supervising such experimental or research work in respect of any aspect of aviation security as the Director of Civil Aviation may specify;
- co-operating with the Police, Government departments, airport authorities, operators, and authorities administering the airport security services of other countries, and with any appropriate international organisation for the purpose of better carrying out the Service's functions;
- exercising and performing such other functions and duties as may be conferred on it by any enactment.

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

- provides aviation security services as required by the aviation industry including aircraft guards, aircraft searches and passenger reconciliation;
- issues official Airport Identity Cards on behalf of the Director of Civil Aviation utilising the National Airport Identity Card database;
- provides advice on aviation security to the Government and the aviation industry, including draft replies to Ministerial correspondence relating to the Service.

## MISSION, STRATEGIC GOALS, OUTCOMES AND OUTPUTS

### Mission Statement

***“WE IMPROVE THE SAFETY OF AVIATION  
BY THE APPLICATION OF SPECIFIC SECURITY MEASURES.”***

### Strategic Goals

In order to achieve its Mission the Service has fifteen major Goals:

#### **Administrative Goals**

1. Have an integrated performance management programme.
2. Have an efficient, cost effective integrated Payroll and Personnel Information Management System.
3. Have an efficient marketing/communications strategy.
4. Have an established Risk Management Programme for each Station.
5. Have an efficient, cost effective Accounting System.
6. Have effective recruitment and internal selection policy and procedures.

#### **Operational Goals**

7. Implementation of Cost Efficiency Review recommendations.
8. Have a Policy and Procedures Manual that meets the needs of the Service.
9. Computerisation of the Aviation Security Service systems.
10. Domestic Airport Response Team concept clarified.
11. Have effective plans for Domestic Screening.
12. Have an effective Hold-Stow Review Baggage Screening plan.
13. Report on Explosive Detection Systems.
14. Redefined Service functions, responsibilities and powers.
15. All identified accommodation needs satisfied.

## Outcomes

The Government Outcomes towards which the Aviation Security Service were required to contribute during the 1997/98 financial year were:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well being.
3. Community security.

*Note: "Reasonable cost" is defined in section 14 of the Civil Aviation Act 1990 as meaning "where the value of the cost to the nation is exceeded by the value of the resulting benefit to the nation".*

## Outputs

The Output for which the Aviation Security Service was responsible during the 1997/98 financial year was ***Aviation Security Services***.

## SUMMARY OF ACTIVITIES DURING THE YEAR

### Changes to Funding Regime

11 July 1997 saw the introduction of a new funding regime for the Aviation Security Service with a reduction in the international departing passenger levy from \$5.00 (GST inc.) to \$4.00 (GST inc.). The change to the levy had a significant impact on revenue during the 1997/98 year, coinciding with a downturn in passenger numbers, primarily precipitated by Asian economic difficulties.

### Trans-Tasman Operations

During the year the Service continued with its commitment to operations at Hamilton, Palmerston North and Dunedin. There were substantial changes to flight timetables, and the accompanying decrease in hours worked has caused rostering and staff retention problems. In late February Freedom International withdrew its plane from service for eight days for maintenance purposes. This affected all three airports. Some staff took the opportunity to take some leave whilst others received further training. June also saw preparations for the introduction of a weekly Trans Tasman service out of Queenstown and this service commenced on 4 July. This service is being staffed by Dunedin / Invercargill staff assisted by a local person and overseen by Christchurch staff. The service was to operate for ten weeks but is now likely to be extended.

### VIP Movements

The Service committed 200.8 hours to this activity during the year. This equates to a 96.9% increase.

### Planning

During the year the Service also continued with implementation of its 1996-98 Business Plan and its five year Strategic Plan although financial constraints required the deferral of some initiatives. The Service was also closely involved in planning for the APEC 99 series of meetings. The Service is represented on committees both at Auckland and nationally. The inaugural meeting of the APEC Auckland taskforce was held in February. Work was also started on the Business Plan to take the Service through to 2000. Two special planning days were held involving most managers. This activity is continuing.

There were also discussions with the CAA and overseas agencies on contingency plans for an escalation of tensions in the Gulf region. It was not necessary to put these plans into action after the latest crisis was defused.

### Explosive Detector Dog Unit

During the year the Service made good progress on establishment of a comprehensive explosive detector dog unit, after a trial in Wellington of almost four years. In December it was decided to establish a permanent explosive detector dog unit, after a comprehensive review of the trial and of recent developments in the use of explosive detector dogs overseas. In early 1998 appointments were made to the Auckland vacancies, two who took up their positions in May and a further appointee who will take up his position in August 1998. The

selection process used was particularly exhaustive, involving eight steps for those finally selected, including a comprehensive medical examination.

A special newsletter was issued to all staff by the General Manager advising of the appointments and explaining the selection process. There was also a focus on completing the establishment and equipping of the explosive detector dog unit.

In the longer term it is proposed to establish a handler in the South Island.

## **Accommodation**

There were two relocations of screening points during the year, at Auckland and Christchurch Airports. The screening point at Christchurch Airport was relocated in February as part of an extensive terminal redevelopment. The new facility, which has three screening lanes, as opposed to the previous two, is working well. The new complex is due to be officially opened in August. The Auckland screening point was relocated in late 1997, again as part of an extensive terminal redevelopment programme. The refurbished complex was officially opened on 8 December. Both these relocations were substantial exercises involving many months of planning.

During the year planning also continued at Wellington Airport on the proposed relocation of the screening point and development of a new base, as part of a new terminal development planned for that airport. Both those moves are scheduled for completion in the period 1999/2000. In June the Service signed a lease with Wellington International Airport Limited for the provision of a new screening point and base at Wellington Airport.

## **Memorandum of Understanding with Air New Zealand Limited**

During the year the Service entered into a formal memorandum of understanding with Air New Zealand Ltd for the provision of escort services by Service staff, generally for deportees. This memorandum formalised arrangements that had hitherto applied on an ad hoc basis.

## **IT Projects**

IT was a major area of activity for the Service during the year. In July the new I T Systems Support Manager took up his position. His initial priorities were to establish an IT help desk, develop an IT strategy and budget and review all IT contracts.

Other major IT projects proceeding during the year included development of a new statistical reporting system and refinement of the current computerised ID card system, that the Service administers on behalf of the CAA. Service personnel also worked with Air New Zealand personnel during the quarter on an upgrade to the Air New Zealand ID card system. Data from that system for employees with access to restricted areas at NZ airports, is now entered onto the Service's database. The Service established a presence on the Internet, in keeping with Business Plan objectives. Work also commenced on a web page for the Service. This facility will help the Service in its marketing programmes as well as enhance security awareness.

The new statistical reporting system was tested by going live in Wellington for the month of June. As it is refined it will be introduced into the other stations.

The development to the Airport Identity Card system is continuing. It is expected to be available for testing towards the end of 1998.

### **Visit of FAA Technology Experts**

In October the Service received a visit from a delegation of experts from the US Federal Aviation Administration Technical Centre, Atlantic City, New Jersey. They made a number of presentations on explosive detection technologies to a workshop hosted by the General Manager and attended by Service management and representatives from a number of airport and enforcement agencies.

Since that visit the Service has remained in contact with the individuals working on the FAA Human Factors programme. The Service has been invited to participate in a trial utilising some of the FAA recruitment and training techniques.

### **Service Level Agreement**

During the year the Service signed a Service Level Agreement with the CAA for the provision of financial and other services. The SLA involves ongoing monitoring to ensure the obligations of the respective parties are being met.

## **GOOD EMPLOYER REQUIREMENTS**

The primary influences on the Aviation Security Service's human resources policies and practices are the good employer requirements of sections 28 to 30 of the Third Schedule to the Civil Aviation Act 1990 and the Service's commitment to the principles of total quality management and progressive human resources management.

### **Staff Numbers**

Staff numbers dropped slightly during the year from 160 or 137.3 FTE to 157 or 135.4 FTE. The percentage of female employees increased from 44.37% to at 44.58%.

### **Rewrite of Code of Conduct**

During the year the Service rewrote its Code of Conduct after agreement was reached with the staff associations. All staff have been issued with their personal copy of the Code and were given full briefings on its content. All new staff will be issued with a copy on joining the Service and will be briefed on it during the Basic Training Course.

### **Review of Recruitment Strategies**

The major human resource management initiative undertaken by the Service during the year was the review of promotion/selection and officer recruitment techniques. This was a substantial exercise lasting almost the entire year, which resulted in a major overhaul of the Service's promotion and recruitment procedures. A new competency framework for all categories of positions within the Service was developed and in the future use of this framework will be extended to include all aspects of the Service's performance management programme as well as recruitment and selection. Guidelines were prepared, training days conducted in the new procedures for those involved in recruiting and promotion, and a new recruitment booklet, "A Career with the New Zealand Aviation Security Service" and application form were prepared. The last section of the project was on finalising the procedures for the delayed officer recruit round which commenced in June. Henceforth officer recruitment techniques are to involve: application, self assessment, attendance at presentation day, presentation, essay, general ability test, screening test, interview, reference check and medical examination. This is a substantial change from previous techniques.

Positions were advertised in six stations in late June and more than two thousand applications received for approximately twenty five positions. Although the recruiting round has just commenced the Service is confident that the new procedures will deliver an improvement in the quality of recruits. Recruit courses are scheduled for commencement in late August.

A number of trials using the promotion/selection techniques were conducted during the year with the appointment to three senior sergeant and two dog handler vacancies. The new promotion selection procedures and competency model for managers was also used with great success in the appointment to the Christchurch Chief Aviation Security Officer vacancy brought about by the retirement of the incumbent.

### **Training**

The main thrust of the Service's training effort during the year was devoted to implementation of the annual Training Plan endorsed by management at its August meeting. Refresher

training for all officers was provided and training in TQM principles provided to regional airport staff. Staff at the three main airports with less than three years service are to receive similar training shortly. First in Line training also continued throughout the period for both officers and supervisors, with completion of the supervisors' course in November. A further week-long workshop on performance management techniques was run for supervisors who had not been able to attend earlier workshops. Individual training priorities were identified and implemented for key individuals identified in the Service's succession plan.

The Service was also able to continue with its Pacific training efforts. The Service's Co-ordinator Training Services and an officer spent three weeks in Fiji training 134 airport security staff in all facets of airport security operations. This training was carried out on a full cost recovery basis that included the time spent on researching and preparing the training material. A less intensive training programme was conducted in Rarotonga for Airport security staff and supervisors.

### **Succession Planning Programme**

Goal one of the Business Plan requires the adoption of formal succession planning processes and the first formal plan was introduced in mid 1997. The objective is to have a pool of skilled internal applicants equipped to take up supervisory or specialist vacancies likely to become available in the next two to three years. The succession planning framework is linked to the Service's human resources planning process and to its Integrated Performance Management Programme.

During the year there were a number of promotions involving serving employees, including that of Senior Sergeant Chris Watkins to the position of CASO Christchurch. The succession-planning framework was of assistance to these appointments although the Service was unable to make internal appointments to a number of positions in some locations because of lack of suitable candidates.



## STATEMENT OF IMPACTS AND CONSEQUENCES

### OUTCOME MEASURES

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

1. **Inflight security incidents.**
2. **Airside security incidents.**
3. **Dangerous goods introduced into aircraft.**

### OUTCOME RESULTS

#### 1. Inflight Security Incidents

**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 inflight security incidents.

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

#### 1. Airside Security Incidents

**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.

#### 1. Dangerous Goods Introduced Into Aircraft

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

*Measure* Number of incidents involving dangerous goods

**Result:** There were no dangerous goods incidents reported regarding aircraft screened by the Aviation Security Service.

**FINANCIAL STATEMENTS**

**AND**

**STATEMENT OF SERVICE PERFORMANCE**



**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1998**

These Financial Statements have been prepared pursuant to the requirements contained in Part V of the Public Finance Act 1989.

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.

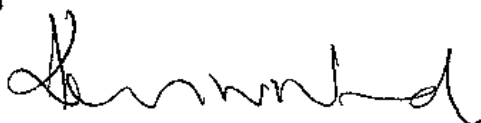
**STATEMENT OF RESPONSIBILITY**

Pursuant to Section 42 of 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 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 1998 are our responsibility; and
- c) In our opinion the grouped financial statements for the year ended 30 June 1998 fairly reflect the financial performance, position and cash flows of the Authority.



**Rodger Fisher**  
 Chairperson  
 Civil Aviation Authority  
 of New Zealand



**Kevin W. Ward**  
 Director of Civil Aviation  
 Civil Aviation Authority



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

2 September 1998

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 1998**

30/06/97 Actual \$000		Notes	30/06/98 Actual \$000	30/06/98 Budget \$000
<b>REVENUE</b>				
19,696	Levies		21,173	22,839
4,226	Crown		4,136	3,863
2,582	Services		2,819	2,506
379	Interest		612	331
89	Other Revenue	1	94	-
<b>26,972</b>	<b>TOTAL OPERATING REVENUE</b>		<b>28,834</b>	<b>29,539</b>
<b>EXPENDITURE</b>				
14,370	Personnel	2	15,933	17,164
7,398	Other Operating		7,679	7,908
1,547	Depreciation		1,374	1,564
865	Rental and Leases		875	861
563	Capital Charge	3	689	766
100	Authority Members Fees		102	105
28	Audit		30	30
44	Bad Debts	4	87	40
<b>24,915</b>	<b>TOTAL OPERATING EXPENDITURE</b>		<b>26,769</b>	<b>28,438</b>
<b>2,057</b>	<b>NET OPERATING SURPLUS</b>		<b>2,065</b>	<b>1,101</b>

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED STATEMENT OF MOVEMENTS IN TAXPAYERS' EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 1998**

30/06/97 Actual \$000	Notes	30/06/98 Actual \$000	30/06/98 Budget \$000
3,235	Taxpayers' Equity as at 1 July 1997	5,635	5,635
1,659	Transfer of Search and Rescue Output to Civil Aviation Authority	-	--
<b>4,894</b>		<b>5,635</b>	<b>5,635</b>
2,057	Net Operating Surplus	2,065	1,101
121	Increase in asset revaluation reserve	-	-
<b>2,178</b>	<b>Total recognised revenues and expenses for the year</b>	<b>2,065</b>	<b>1,101</b>
<b>(1,437)</b>	Provision for the payment of surplus to the Crown	<b>(48)</b>	<b>(293)</b>
-	Capital contribution	2,200	1,700
-	Distribution to Crown	<b>(1,450)</b>	<b>(700)</b>
<b>5,635</b>	<b>Taxpayers' Equity as at 30 June 1998</b>	<b>8,402</b>	<b>7,443</b>

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 1998**

30/06/97 Actual \$000		Notes	30/06/98 Actual \$000	30/06/98 Budget \$000
<u>5,635</u>	<b>TAXPAYERS' EQUITY</b>	5	<u>8,402</u>	<u>7,443</u>
	Represented by:			
	<b>CURRENT ASSETS</b>			
4,621	Cash	6	8,076	4,512
2,190	Receivables		1,944	2,197
246	Work in Progress		389	300
141	Prepayments		94	152
<u>7,198</u>	<b>TOTAL CURRENT ASSETS</b>		<u>10,503</u>	<u>7,161</u>
	<b>NON-CURRENT ASSETS</b>			
3,637	Non Current Assets	7	3,576	4,132
<u>10,835</u>	<b>TOTAL ASSETS</b>		<u>14,079</u>	<u>11,293</u>
	<b>CURRENT LIABILITIES</b>			
1,655	Payables		1,885	1,977
2,108	Employee Entitlements	8	2,306	1,580
1,437	Provision for payment of surplus to Crown		1,486	293
<u>5,200</u>	<b>TOTAL CURRENT LIABILITIES</b>		<u>5,677</u>	<u>3,850</u>
<u>5,635</u>	<b>NET ASSETS</b>		<u>8,402</u>	<u>7,443</u>

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 1998**

30/06/97 Actual \$000	Notes	30/06/98 Actual \$000	30/06/98 Budget \$000
<b>Cash Flows from Operating Activities</b>			
<b>Cash was provided from:</b>			
19,687	Levies	21,212	22,682
4,226	Crown	4,136	3,863
2,469	Fees and Charges	2,895	2,681
373	Interest	614	314
61	Other Revenue	59	
<b>Cash was applied to:</b>			
(13,771)	Payments to employees	(15,745)	(16,649)
(8,498)	Payments to suppliers	(8,668)	(9,888)
(563)	Payments of Capital Charge to the Crown	(688)	(727)
<b>3,984</b>	<b>Net Cash Flow from Operating Activities</b>	<b>3,815</b>	<b>2,276</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash was provided from:</b>			
161	Sale of Fixed Assets	137	61
<b>Cash was applied to:</b>			
(1,596)	Purchase of Fixed Assets	(1,247)	(2,009)
<b>(1,435)</b>	<b>Net Cash Flow from Investing Activities</b>	<b>(1,110)</b>	<b>(1,948)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Cash was provided from:</b>			
1,293	Search & Rescue cash on 1 July 1996 transfer	-	-
-	Capital Injection	2,200	1,700
<b>Cash was applied to:</b>			
(1,768)	Repayment of Surplus of Crown	(1,200)	(2,137)
-	Repayment of Capital	(250)	-
<b>(475)</b>	<b>Net Cash Flow from Financing Activities</b>	<b>750</b>	<b>(437)</b>
2,074	Net Increase/(Decrease) in Cash held	3,455	(109)
2,547	Add cash at 1 July 1997	4,621	4,621
<b>4,621</b>	<b>Cash held at 30 June 1998</b>	<b>8,076</b>	<b>4,512</b>



**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**RECONCILIATION OF NET OPERATING SURPLUS**  
**TO NET CASH FLOW FROM OPERATING ACTIVITIES**  
**FOR THE YEAR ENDED 30 JUNE 1998**

30/06/97 Actual \$000		30/06/98 Actual \$000	30/06/98 Budget \$000
2,057	<b>Net Operating Surplus</b>	2,065	1,101
	Add non-cash items		
1,547	Depreciation	1,374	1,564
<b>1,547</b>	<b>Total Non-Cash Items</b>	<b>1,374</b>	<b>1,564</b>
	<b>Movements in Working Capital</b>		
(248)	Decrease/(Increase) in Receivables	260	7
130	Decrease/(Increase) in Work in Progress	(143)	(54)
(30)	Decrease/(Increase) in Prepayments	47	(11)
402	(Decrease)/Increase in Payables	47	201
154	(Decrease)/Increase in Employee Entitlements	198	(532)
<b>408</b>	<b>Movements in Net Working Capital</b>	<b>409</b>	<b>(389)</b>
	<b>Movements in Investing Activities</b>		
(28)	(Gain)/Loss on sale of Fixed Assets	(33)	-
<b>(28)</b>	<b>Total Movements in Investing Activities</b>	<b>(33)</b>	<b>-</b>
<b>3,984</b>	<b>Net Cash Flow from Operating Activities</b>	<b>3,815</b>	<b>2,276</b>

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED STATEMENT OF COMMITMENTS**  
**AS AT 30 JUNE 1998**

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.

<u>30/06/97</u>		<u>30/06/98</u>
<b>Actual</b>		<b>Actual</b>
<b>\$000</b>		<b>\$000</b>
	<b>Capital commitments</b>	
58	Purchase of additional x-ray machines	100
100	Motor Vehicles	30
<u>158</u>	<b>Total Capital commitments</b>	<u>130</u>
	<b>Non-cancellable operating lease commitments</b>	
784	- Less than one year	872
737	- One year but less than two years	858
982	- Two years but less than five years	615
260	- Longer than five years	243
<u>2,763</u>		<u>2,588</u>
	<b>Other non-cancellable contracts</b>	
776	- Less than one year	238
191	- One year but less than two years	190
593	- Two years but less than five years	443
83	- Longer than five years	-
<u>1,643</u>		<u>871</u>
<u>4,564</u>	<b>Total Commitments</b>	<u>3,589</u>

**STATEMENT OF CONTINGENT LIABILITIES**  
**AS AT 30 JUNE 1998**

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.

The outstanding contingent liabilities of the Authority as at 30 June 1998 amounted to \$2.255m (1997 \$1.355). These relate to legal claims against the Authority where the court decisions are uncertain.

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**STATEMENT OF OPERATIONS OF INDUSTRY SEGMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1998**

Segmental reporting has been applied to identify the 3 Industry segments operated within the Authority.

Industry Segment	Aviation Safety		Class III SAR		Security Service		Elimination		Grouped	
	1996/97 Actual \$000	1997/98 Actual \$000	1996/97 Actual \$000	1997/98 Actual \$000	1996/97 Actual \$000	1997/98 Actual \$000	1996/97 Actual \$000	1997/98 Actual \$000	1996/97 Actual \$000	1997/98 Actual \$000
<b>Operating Revenue</b>										
Revenue Outside the Group	13,752	17,371	1,084	1,288	11,668	9,563			26,504	28,222
Inter-Segment Revenue	-	100	-	-	-	-		(100)	-	-
Other Revenue	154	282	108	61	233	269			495	612
<b>Total Revenue</b>	<b>13,906</b>	<b>17,753</b>	<b>1,192</b>	<b>1,349</b>	<b>11,901</b>	<b>9,832</b>		<b>(100)</b>	<b>26,999</b>	<b>28,834</b>
<b>Segment result</b>	<b>(521)</b>	<b>1,889</b>	<b>(59)</b>	<b>128</b>	<b>2,637</b>	<b>48</b>			<b>2,057</b>	<b>2,065</b>
Segment Non-Current Assets	1,127	1,331	608	359	1,902	1,886			3,637	3,576

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 the development of, and monitoring of compliance, with Aviation Rules. Class III Search and Rescue Co-ordination comprises the provision of a co-ordination search and rescue service for persons in distress. Aviation Security Service comprises the screening of international departing passengers and cabin baggage.

## **CIVIL AVIATION AUTHORITY OF NEW ZEALAND**

### **GROUPED STATEMENT OF ACCOUNTING POLICIES**

#### **Reporting Entity**

The grouped financial statements for the year ended 30 June 1998 have been prepared to comply with Part V of 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 Practices” and “Financial Reporting Standards” approved by the Accounting Standards Review Board published by the Institute of Chartered Accountants of New Zealand.

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 & Rescue**

- **Search & Rescue,**
  - Provision of Class III search and rescue services

#### **Aviation Security Service**

- **Aviation Security Services,**
  - Aviation Security Services for domestic and international air operations.

#### **Reporting Period**

The reporting period is 1 July of each year to 30 June of the following year inclusive.

#### **Comparative Figures**

The Grouped Financial Statements for the previous reporting period reflect the transactions for the Authority for the full 1996/97 year.

### **Measurement Base**

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

### **Budget Figures**

The budget figures are those approved by the Authority and disclosed in the Statement of Intent 1997/98 – 1999/2000. 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 Operating 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.

### **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

### **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 services are delivered 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.

Personnel costs are charged on the basis of actual time incurred. Property and other occupancy costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Computer costs are charged on the basis of actual PCs in use. Depreciation and capital charge are charged on the basis of asset utilisation.

Direct costs account for 72% (1997 65%) of the of the Authority's costs.

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

### **Leases**

Operating leases - where the lessors effectively retain substantially all the risks and benefits of ownership of leased items, lease charges are expended in the period in which they are incurred.

## Receivables

Receivables are stated at their estimated realisable value after providing for doubtful and uncollectable debts.

## Non Current Assets

Buildings are stated at net current value as determined by an independent registered valuer as at 31 January 1997. Buildings are revalued every three years.

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 debit balance in the asset revaluation reserve, this balance is expended in the statement of financial performance.

The assets of the Authority are recorded at cost at the time of purchase. All non-current 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 of the major categories of fixed assets are estimated as follows:

Buildings	24 years
Furniture and Fittings	10 years
Plant and Equipment	5 – 10 years
Office Equipment	5 years
Motor Vehicles	4 – 5 years
Computer Equipment	3 – 5 years

## 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 uncollectable work in progress.

## Employee Entitlements

Provision is made in respect of Authority's liability for annual leave, long service leave, retirement leave and salaries and wages on an entitlement basis.

## 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**

No changes in accounting policies took place during the period of these financial statements.

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**NOTES TO THE GROUPED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1998**

**Note 1: Other Revenue**

30/06/97 Actual \$000		30/06/98 Actual \$000	30/06/98 Budget \$000
61	Miscellaneous Income	61	-
28	Gain on disposal of Assets	33	-
<u>89</u>		<u>94</u>	<u>-</u>

**Note 2: Personnel**

30/06/97 Actual \$000		30/06/98 Actual \$000	30/06/98 Budget \$000
13,925	Personnel	15,185	16,345
145	Recruitment	306	241
300	Training	442	578
<u>14,370</u>		<u>15,933</u>	<u>17,164</u>

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

1997	Total remuneration and other benefits	1998
5	\$100,000 to \$109,999	2
4	\$110,000 to \$119,999	2
-	\$120,000 to \$129,999	4
1	\$130,000 to \$139,999	1
-	\$140,000 to \$149,999	1
-	\$150,000 to \$159,999	1
1	\$160,000 to \$169,999	-
-	\$180,000 to \$189,999	1

The Director of Civil Aviation lies in the \$180,000 to \$189,999 band and the General Manager of Aviation Security Service remuneration lies in the \$150,000 to \$159,999 band.

**Note 3: Capital Charge and Related Party Disclosures**

30/06/97 Actual \$000		30/06/98 Actual \$000	30/06/98 Budget \$000
<u>563</u>	Capital Charge	<u>689</u>	<u>766</u>

The Authority pays a capital charge to the Crown based on its taxpayers funds at 30 June and 31 December each year. The capital charge for 1997/98 was 11% (1996/97 11%).



The Authority undertakes transactions with the Crown, Government Departments and other Crown Entities. These transactions are carried out on an arm's length basis and it is considered that these do not fall within the intended scope of the related party disclosures.

#### Note 4: Bad Debts

30/06/97 Actual \$000		30/06/98 Actual \$000	30/06/98 Budget \$000
23	Provision	14	20
21	Bad debts written off	73	20
<b>44</b>		<b>87</b>	<b>40</b>

#### Note 5: Taxpayers' Equity

30/06/97 Actual \$000		30/06/98 Actual \$000	30/06/98 Budget \$000
5,514	General Fund	7,781	6,822
-	Risk Reserve	500	500
121	Revaluation Reserve	121	121
<b>5,635</b>	<b>Taxpayers' Equity as at 30 June</b>	<b>8,402</b>	<b>7,443</b>

#### Note 6: Cash

30/06/97 Actual \$000		30/06/98 Actual \$000	30/06/98 Budget \$000
1,321	Cheque	66	112
300	Call	2,050	1,000
3,000	Term	5,960	3,400
<b>4,621</b>	<b>Total</b>	<b>8,076</b>	<b>4,512</b>

**Note 7: Non Current Assets**

30/6/97 Cost \$000	30/6/97 Accumulated Depreciation \$000	30/6/97 Book Value \$000	Grouped	30/6/98 Cost \$000	30/6/98 Accumulated Depreciation \$000	30/6/98 Book Value \$000
720	13	707	Auckland Building <sup>1</sup>	721	42	679
705	491	214	Furniture and Fittings	575	494	81
3,729	2,866	863	Plant and Equipment	3,770	2,842	928
208	158	50	Office Equipment	168	142	26
1,050	339	711	Motor Vehicles	1,216	409	807
3,908	2,816	1,092	Computer Equipment	4,093	3,038	1055
<b>10,320</b>	<b>6,683</b>	<b>3,637</b>	<b>TOTAL ASSETS</b>	<b>10,543</b>	<b>6,967</b>	<b>3,576</b>

**Note 8: Employee Entitlements**

30/06/97 \$000		30/06/98 \$000	30/06/98 \$000
1,204	Annual Leave	1,311	700
593	Performance Based pay	603	600
250	Salaries and Wages	350	250
46	Retirement leave	21	20
15	Long service leave	21	10
<b>2,108</b>	<b>Total</b>	<b>2,306</b>	<b>1,580</b>

**Note 9: Financial Instruments**

The Authority is party to financial arrangements 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 concentration of credit risk.

<sup>1</sup> The Auckland Building was independently revalued to net current value as determined by Seagar & Partners (Registered Valuers), as at 31 January 1997.

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

The Authority has exposure to currency risk. Transactions in foreign currencies are converted at the New Zealand rate of exchange at the date of settlement.

There is no significant concentration of currency risk.

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 1998 (1997 nil). The interest rates on the Authority's investments ranged from 6.87% to 9.79% pa (1997 – 6.4% to 7.0% pa).

## **ADDITIONAL INFORMATION**



**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1998**

**Financial Performance**

Grouped	Statement of Financial Performance	Aviation Safety		Search & Rescue		Security Service		Elimination	Grouped	
		30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Actual \$000	30/06/98 Budget \$000
	<b>Revenue</b>									
19,696	Levies	11,973	12,525			9,200	10,314		21,173	22,839
4,226	Crown Funding	2,851	2,852	1,285	1,011				4,136	3,863
2,582	Fees & Charges	2,458	2,349			361	157		2,819	2,506
379	Interest	282	145	61	39	269	147		612	331
	Inter-Goup Income	100						-100	-	-
89	Other Revenue	89		3		2			94	-
<b>26,972</b>	<b>Total Revenue</b>	<b>17,753</b>	<b>17,871</b>	<b>1,349</b>	<b>1,050</b>	<b>9,832</b>	<b>10,618</b>	<b>-100</b>	<b>28,834</b>	<b>29,539</b>
	<b>Expenditure</b>									
14,370	Personnel Costs	9,216	10,046	174	183	6,543	6,935		15,933	17,164
7,398	Other Operating Costs	5,006	5,231	607	474	2,066	2,203		7,679	7,908
1,547	Depreciation	531	652	298	300	545	612		1,374	1,564
865	Rental Property and Equipment	666	640	1	1	208	220		875	861
563	Capital Charge	237	310	110	114	342	342		689	766
100	Authority Members' Costs	91	92			11	13		102	105
28	Audit Fee	30	30						30	30
44	Bad Debts	87	40						87	40
	Inter-Group Expense			31		69		-100		
<b>24,915</b>	<b>Total Expenditure</b>	<b>15,864</b>	<b>17,041</b>	<b>1,221</b>	<b>1,072</b>	<b>9,784</b>	<b>10,325</b>	<b>-100</b>	<b>26,769</b>	<b>28,438</b>
<b>2,057</b>	<b>Net Operating Surplus/(Deficit)</b>	<b>1,889</b>	<b>830</b>	<b>128</b>	<b>-22</b>	<b>48</b>	<b>293</b>	<b>-</b>	<b>2,065</b>	<b>1,101</b>

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)**

**Movement in Taxpayers' Equity Reporting**

Grouped	Statement of Movement in Taxpayers' Equity	Aviation Safety		Search & Rescue		Security Service		Grouped	
		30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000
3,235	Taxpayers' Equity at start of year	1,526	1,526	1,000	1,000	3,109	3,109	5,635	5,635
1,659	Transfer of Search & Rescue Output to Civil Aviation Authority	-	-	-	-	-	-	-	-
<b>4,894</b>		<b>1,526</b>	<b>1,526</b>	<b>1,000</b>	<b>1,000</b>	<b>3,109</b>	<b>3,109</b>	<b>5,635</b>	<b>5,635</b>
2,057	Net Operating Surplus/(Deficit)	1,889	830	128	(22)	48	293	2,065	1,101
121	Revaluation Reserve	-	-	-	-	-	-	-	-
<b>2,178</b>	<b>Total recognised revenues and expenses for the year</b>	<b>1,889</b>	<b>830</b>	<b>128</b>	<b>(22)</b>	<b>48</b>	<b>293</b>	<b>2,065</b>	<b>1,101</b>
-	Capital Injection	1,000	1,000	-	-	1,200	700	2,200	1,700
(1,437)	Repayment of surplus	-	-	-	-	(48)	(293)	(48)	(293)
	Repayment of capital	(250)	-	-	-	(1,200)	(700)	(1,450)	(700)
<b>5,635</b>	<b>Taxpayers' Equity at end of year</b>	<b>4,165</b>	<b>3,356</b>	<b>1,128</b>	<b>978</b>	<b>3,109</b>	<b>3,109</b>	<b>8,402</b>	<b>7,443</b>

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED FINANCIAL STATEMENTS**  
**AS AT 30 JUNE 1998 (CONTINUED)**

**Financial Position**

Grouped	Statement of Financial Position	Aviation Safety		Search & Rescue		Security Service		Grouped	
		30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000
<b>5,635</b>	<b>TAXPAYERS' EQUITY</b>	<b>4,165</b>	<b>3,356</b>	<b>1,128</b>	<b>978</b>	<b>3,109</b>	<b>3,109</b>	<b>8,402</b>	<b>7,443</b>
	Represented by:								
	<b>CURRENT ASSETS</b>								
4,621	Cash	3,856	2,205	823	681	3,397	1,626	8,076	4,512
2,190	Receivables	1,193	1,340		3	751	854	1,944	2,197
246	Work in Progress	389	300					389	300
141	Prepayments	1	-	52	82	41	70	94	152
<b>7,198</b>	<b>Total Current Assets</b>	<b>5,439</b>	<b>3,845</b>	<b>875</b>	<b>766</b>	<b>4,189</b>	<b>2,550</b>	<b>10,503</b>	<b>7,161</b>
3,637	Non-Current Assets	1,331	1,340	359	323	1,886	2,469	3,576	4,132
<b>10,835</b>	<b>Total Assets</b>	<b>6,770</b>	<b>5,185</b>	<b>1,234</b>	<b>1,089</b>	<b>6,075</b>	<b>5,019</b>	<b>14,079</b>	<b>11,293</b>
	<b>CURRENT LIABILITIES</b>								
1,655	Payables	1,320	1,229	88	85	477	663	1,885	1,977
	<b>Provisions</b>								
2,108	Employee Entitlements	1,285	600	18	26	1,003	954	2,306	1,580
1,437	Repayment of Surplus to the Crown					1,486	293	1,486	293
<b>5,200</b>	<b>Total Current Liabilities</b>	<b>2,605</b>	<b>1,829</b>	<b>106</b>	<b>111</b>	<b>2,966</b>	<b>1,910</b>	<b>5,677</b>	<b>3,850</b>
<b>5,635</b>	<b>NET ASSETS</b>	<b>4,165</b>	<b>3,356</b>	<b>1,128</b>	<b>978</b>	<b>3,109</b>	<b>3,109</b>	<b>8,402</b>	<b>7,443</b>



**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**  
**GROUPED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)**

**Cash Flows**

Grouped 30/06/97 Actual	Statement of Cash Flows	Aviation Safety		Search & Rescue		Security Service		Grouped	
		30/06/98 Actual	30/06/98 Budget	30/06/98 Actual	30/06/98 Budget	30/06/98 Actual	30/06/98 Budget	30/06/98 Actual	30/06/98 Budget
\$000	<b>Cash Flow from Operating Activities</b>	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	<b>Cash was provided from:</b>								
19,687	Levies	11,893	12,380			9,319	10,302	21,212	22,682
4,226	Crown funding	2,851	2,852	1,285	1,011			4,136	3,863
2,469	Fees & Charges	2,535	2,500			360	181	2,895	2,681
434	Other Revenue (incl. Interest)	343	125	63	39	267	150	673	314
	<b>Cash was applied to</b>								
(13,771)	Payments to employees	(9,117)	(9,600)	(170)	(150)	(6,458)	(6,899)	(15,745)	(16,649)
(8,498)	Payments to suppliers	(5,546)	(7,000)	(616)	(507)	(2,506)	(2,381)	(8,668)	(9,888)
(563)	Payments of Capital Charge	(236)	(271)	(110)	(114)	(342)	(342)	(688)	(727)
<b>3,984</b>	<b>Net Cash Flow</b>	<b>2,723</b>	<b>986</b>	<b>452</b>	<b>279</b>	<b>640</b>	<b>1,011</b>	<b>3,815</b>	<b>2,276</b>
	<b>Cash Flow from Investing Activities</b>								
	<b>Cash was provided from:</b>								
161	Sale of Fixed Assets	81	50	3		53	11	137	61
(1,596)	Purchase of Fixed Assets	(608)	(741)	(112)	(78)	(527)	(1,190)	(1,247)	(2,009)
<b>(1,435)</b>	<b>Net Cash Flow</b>	<b>(527)</b>	<b>(691)</b>	<b>(109)</b>	<b>(78)</b>	<b>(474)</b>	<b>(1,179)</b>	<b>(1,110)</b>	<b>(1,948)</b>
	<b>Cash Flows from Financing Activities</b>								
1,293	Capital transfer	1,000	1,000			1,200	700	2,200	1,700
	Repayment of capital	(250)						(250)	
(1,768)	Repayment of Surplus to Crown					(1,200)	(2,137)	(1,200)	(2,137)
<b>(475)</b>	<b>Net Cash Flow</b>	<b>750</b>	<b>1,000</b>			<b>-</b>	<b>(1,437)</b>	<b>750</b>	<b>(437)</b>
2,074	Net Increase/(Decrease) in Cash Flow	2,946	1,295	343	201	166	(1,605)	3,455	(109)
2,547	Add Opening Cash balance	910	910	480	480	3,231	3,231	4,621	4,621
<b>4,621</b>	<b>Cash held at 30 June</b>	<b>3,856</b>	<b>2,205</b>	<b>823</b>	<b>681</b>	<b>3,397</b>	<b>1,626</b>	<b>8,076</b>	<b>4,512</b>

**CIVIL AVIATION AUTHORITY OF NEW ZEALAND**

**GROUPED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)**

**Reconciliation of Net Operating Surplus to Cash Flow from Operating Activities**

Grouped	Reconciliation of Net Operating Surplus to Cash Flow from Operating Activities	Aviation Safety		Search & Rescue		Security Service		Grouped	
		30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000	30/06/98 Actual \$000	30/06/98 Budget \$000
2,057	Net Operating Surplus/(Deficit)	1,889	830	128	(22)	48	293	2,065	1,101
	<b>Add non-cash items</b>								
1,547	Depreciation	531	652	298	300	545	612	1,374	1,564
1,547	Total Non-cash items	531	652	298	300	545	612	1,374	1,564
	<b>Movements in Working Capital</b>								
(248)	Decrease/(Increase) in Receivables	137	(10)	2	(1)	121	18	260	7
130	Decrease/(Increase) in Work in Progress	(143)	(54)					(143)	(54)
(30)	Decrease/(Increase) in Prepayments	3	4	17	(13)	27	(2)	47	(11)
402	(Decrease)/Increase in Payables	222	137	9	10	(184)	54	47	201
154	(Decrease)/Increase in Entitlements	112	(573)	1	5	85	36	198	(532)
408	Total Movements in Working Capital	331	(496)	29	1	49	106	409	(389)
	<b>Movements in Investing Activities</b>								
(28)	(Gain)/Loss on Sale of Fixed Assets	(28)		(3)		(2)		(33)	
<b>3,984</b>	<b>Net Cash Flow from Operating Activities</b>	<b>2,723</b>	<b>986</b>	<b>452</b>	<b>279</b>	<b>640</b>	<b>1,011</b>	<b>3,815</b>	<b>2,276</b>



## STATEMENT OF SERVICE PERFORMANCE

### CIVIL AVIATION AUTHORITY FOR THE YEAR ENDED 30 JUNE 1998

#### OUTPUT CLASS: POLICY ADVICE

##### Description

This Output class includes:

- Advice on civil aviation safety and security.
- Recommendations on and implementation of government policy relating to the recovery of the costs of regulating civil aviation safety and security in New Zealand.
- The administration of New Zealand's responsibilities as a member of the International Civil Aviation Organisation (ICAO) with respect to matters relating to civil aviation safety and security which have been delegated to the Authority.
- The development and administration of civil aviation safety and security agreements with other countries and international agencies.
- The development and review of civil aviation safety and security legislation, standards and rules for the regulation of New Zealand civil aviation.

##### Outcomes

This Output class contributes to the Government's outcomes of:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well-being.

##### Resources Used (\$000s)

Actual 1996/97 \$000	Output Class: Policy Advice	1 July 1997 – 30 June 1998			
		Actual \$000	Budget \$000	Variance	
				\$000	%
	<b>Revenue</b>				
3,142	Crown	2,852	2,852		
198	Other	508	60	448	747
<b>3,340</b>	<b>Total Revenue</b>	<b>3,360</b>	<b>2,912</b>	<b>448</b>	<b>15</b>
	<b>Expenses</b>				
1,338	Personnel	1,194	1,207	13	1
2,137	Operating ( <i>Incl. Overhead Allocations</i> )	2,057	1,597	(460)	(29)
17	Depreciation	15	75	60	80
8	Capital Charge	9	36	27	75
<b>3,500</b>	<b>Total Output Expenses</b>	<b>3,275</b>	<b>2,915</b>	<b>(360)</b>	<b>(12)</b>
<b>(160)</b>	<b>Net Surplus/(Deficit) for distribution</b>	<b>85</b>	<b>(3)</b>	<b>88</b>	<b>1,000</b>

## Service Performance

### A. ADVICE TO GOVERNMENT

#### 1. Ministerial Servicing

<i>Quantity</i>		Q1	Q2	Q3	Q4	Year
It is estimated that during the 1997/98 year the following will be produced:						
•	80 replies to correspondence to the Minister.	15	16	12	15	<b>58</b>
•	90 Reports to Minister (including Speech notes and Press releases).	22	17	14	20	<b>73</b>
•	30 answers to Parliamentary Questions.	7	18	10	16	<b>51</b>
•	9 Select Committee reports.	1	0	0	2	<b>3</b>
Variance – Quantity depends on demand. Results reflect actual demand.						
<i>Timeliness</i>						
All Ministerial responses, reports to the Minister, and Parliamentary Questions will be completed to the following deadlines:						
		Q1	Q2	Q3	Q4	Year
Ministerial Responses	90% answered (to the Ministry of Transport) within 10 Business Days	93%	88%	75%	93%	<b>87%</b>
	100% answered (to the Ministry of Transport) within 20 Business Days	100%	100%	100%	100%	<b>100%</b>
Reports to the Minister	By any deadline set by the Minister's Office or by the Secretary for Transport.	100%	100%	100%	100%	<b>100%</b>
Parliamentary Questions	100% by the deadline set.	86%	100%	100%	100%	<b>96%</b>
Select Committee Reports	By the deadline set by the Committee, or where no deadline is set, no later than 3 days prior to the Select Committee meeting.	100%	-	-	100%	<b>100%</b>
Variance – Timeliness for quarter within targets. Quarterly variances due to staff leave.						
<i>Quality</i>						
95% of Ministerial responses, and answers to Parliamentary Questions provided by the CAA will be accepted by the Minister's Office or the Minister's advisers as meeting requirements without amendment.		Q1	Q2	Q3	Q4	Year
		100%	100%	100%	100%	<b>100%</b>
		(22)	(34)	(22)	(31)	<b>(109)</b>
Policy advice and other related services provided to the Minister will conform with quality criteria relating to purpose, logic, accuracy, options, consultation, practicality and presentation, as measured by annual surveys.		Annual survey results – Minister and Ministry satisfied that the quality criteria were met.				
<i>Annual surveys on the quality of advice and service received from the CAA against the agreed criteria, of:</i>						
(a) <i>the Minister in respect of reports and advice received directly from the CAA; and</i>						
(b) <i>the Ministry of Transport in respect of draft responses to Ministerial and Parliamentary Questions prepared by the CAA.</i>						
To maintain ISO certification of policies and procedures for this area of activity.		Certification was confirmed in April 1998.				

## 1. Policy Projects

### *Quantity and Timeliness*

**During the 1997/98 year, the following policy projects will be undertaken:**

**Review of specific areas of CAA cost recovery.** An internal review of the CAA costing model and time recording framework was commenced in the 2<sup>nd</sup> quarter and completed in the 3<sup>rd</sup> quarter.

The situation continued to be monitored. There is concern at the fall-off in international passenger numbers as a result of the economic downturn in Asia.

**Review of CAA policy on contracting out by 31 December 1997.**

Terms of reference were finalised, and research completed and documented. A report was provided to the Minister in December 1997. During the 3<sup>rd</sup> quarter the results were and accepted by the Senior Management Team.

Internal communication requirements have been addressed and implementation milestones developed.

**Review of CAA enforcement policy by 30 September 1997.**

A review was completed to the stage where the procedures for administering the new Offence and Infringement Regulations could be developed.

A new Regulatory Tools Co-ordinating Committee was instituted. The working procedures for internal Units continue to be developed along with updating the Offence Regulations.

**Review of aviation security policy on:**

**1. *Hold stow baggage screening requirements (ongoing).***

A review of general terrorist procedures was undertaken and the procedures reissued. Information from overseas authorities was collected during the 2<sup>nd</sup> quarter and a hold stow baggage screening policy review started. A discussion document based on information collected, including that gathered at international forums, was distributed to affected parties at the end of the 3<sup>rd</sup> quarter. Research was continued. At the request of industry representatives, the time limit for feedback from industry and Government agencies was extended to 5 July 1998.

**1. *Accountability for aviation security on code-sharing operations by 31 December 1997.***

On 7 November 1997, a Code Share Security policy was issued and distributed by industry. Since the 3<sup>rd</sup> quarter the industry has been in the process of developing their expositions (under Part 119). Documentation received during the quarter continues to show that the policy is being adequately implemented (in the expositions).

**2. *Air cargo security requirements to***

The air cargo security requirements were established and an initial draft was prepared by 1 July 1997. As a

*commence by 1 January 1998.*

result of submissions from industry, the NPRM has remained under development throughout the year, with a substantial change of approach that will reduce the economic impact on the industry and CAA.

**Review of the application of Human Factors to Personnel Licensing and Operator Certification to commence from 1 April 1998.**

Documentary research was begun in the 2<sup>nd</sup> quarter with background research continuing in the 3<sup>rd</sup> quarter. Review milestones were developed with the intention of having draft terms of reference established by 14 August 1998.

**Review of policies and strategies relating to international agencies, including ICAO, and to bilateral civil aviation agreements**

Ongoing – see section B. International Multilateral and Bilateral Aviation Related Agreements below.

### 3. *Aviation Security Regulatory Activities*

**All threats to aviation security requiring action by the CAA’s Aviation Security Regulatory Unit will be responded to in accordance with established processes and procedures.**

As a result of adverse Middle East reactions to peace talks, a special alert notice (97/02) was issued to airlines operating between New Zealand and the United States, Aviation Security and other border agencies. Also a general aviation threat assessment was reissued.

There was heightened potential for Islamic terrorism in relation to United States Court judgements. There were however no related incidents in New Zealand area. One Special Notice detailing information from one of the intelligence messages was issued to Government Agencies and Airlines.

Aviation threats arising from New Zealand’s potential involvement in the Iraqi situation dissipated with the subsequent reduction in tensions.

One Special Notice related to a concealed firearm discovered on a passenger in Australia was widely distributed to industry and Government agencies.

All significant intelligence communications were received and processed within 72 hours and communicated to appropriate agencies.

	Q1	Q2	Q3	Q4	Year
<b>Significant Intelligence Communications</b>	8	7	15	11	41
<b>Special Notices</b>	-	1	1	1	3

There were no significant security related incidents in New Zealand’s geographical area of interest during the year.

**To maintain ISO certification of policies and procedures for this area of activity.**

ISO certification was maintained and confirmed by external audit during the period.

**A. INTERNATIONAL MULTILATERAL & BILATERAL AVIATION SAFETY RELATED AGREEMENTS**

**1. International Civil Aviation Organisation (ICAO)**

*Quantity, Timeliness, and Quality*

**All delegated responsibilities in respect of ICAO specified in Part A to Schedule Two to this Agreement will be fulfilled in accordance with the standards and requirements set out in Schedule Two and in the relevant Annexes to the ICAO Convention.**

Delegated responsibilities were fulfilled by:

- (a) direct implementation by the CAA,
- (b) arrangement with other parties,
- (c) Civil Aviation Rules, and
- (d) adoption of practices.

Where the standards and/or recommended practices, specified in the Convention on International Civil Aviation, were not an adopted practice or a requirement of the Civil Aviation Rules, the difference was notified to ICAO.

**All information required by ICAO, including statistics and the notification of accidents and incidents will be provided to the standards and by the deadlines set by ICAO.**

The Civil Aircraft Register and Aircraft Accidents statistics have been supplied to the required standards and by the specified deadlines.

The Annual Survey of Civil Aviation Activities and Pilot Licensing statistics was supplied 12 days after the specified date due to information from the industry being supplied late.

There is a limited supply of information for aircraft accident notification and reporting. Procedures are being developed to fulfil the requirement.

**All State Letters setting out proposals and actions required which are relevant to aviation safety (including security) in New Zealand will be identified on receipt and action taken to ensure that:**

	Q1	Q2	Q3	Q4	Year
<b>State letters requiring response</b>	13	8	14	9	<b>44</b>
<b>Response sent by due date</b>	7	8	9	5	<b>29</b>

**(a) New Zealand input and comments are provided where required to proposals, within any deadline set by ICAO;**

All state letters were responded to. Late responses were due to required information from external resources being delayed.

**(b) Formal acceptance or rejection of ICAO decisions, including amendments to Annexes, Standards or Recommended Practices, is notified to ICAO within any deadlines set, including the filing of differences to Standards;**

Differences to Annex 17, were notified by deadline and comments on proposed amendments to Annexes 2, 3, 10, and 11 were provided to ICAO.

International operators were advised of the acceptance of ICAO contingency procedures in the North Atlantic by deadline set.

ICAO accepted the CAA recommendation on Aircraft Type Designators. ICAO was also provided with comments on proposed amendments to Annexes 2, 11 and the ICAO Rules of the Air and Air Traffic Services by deadline set. CAA advised that



**(c) ICAO Standards accepted by New Zealand are implemented to the standards required and by the deadlines agreed.**

New Zealand did not intend to implement some standards in Annex 10.

All ICAO standards accepted by New Zealand have been implemented to the standards and deadlines required. Deadlines were determined by the rule making process.

## **2. South Pacific**

### ***Quantity, Timeliness, and Quality***

**Civil aviation advice and assistance will be provided to Western Samoa, the Cook Islands, and Niue in accordance with the intergovernmental agreements with those countries, the provisions of Part B to Schedule Two to this Agreement, and the CAA's annual plan for 1997/98.**

During 1997/98 advice and assistance were provided as follows:

#### **Samoa**

- The customised audit programme provided to Samoa for the year has been renewed by the Secretary for Transport Samoa for the 1998/99 year.
- The Samoa Civil Aviation Bill has now been passed by their Parliament and will come into effect on 1 January 1999 (it enables the New Zealand Civil Aviation Rules to have application in Samoa).
- Nine significant requests from Samoa for policy advice and assistance were actioned.

#### **Cook Islands**

- The preparation of a Civil Aviation Bill for consideration by the Cook Island Government continues to be delayed by the lack of funds.

#### **Niue**

- Advice was provide on the upgrading of the Niue AFTN.
- Advice has been provided in relation to the licensing of a flight service officer for Niue.

## **3. Other International aviation safety related Agreements**

### ***Quantity, Timeliness, and Quality***

**Input and representation will be provided in respect of the Government's involvement in other international agreements, projects and for a in accordance with Part C of Schedule Two to this Agreement.**

The CAA provided assistance to Vanuatu on introduction of new aircraft type, and provided model legislation for use at tertiary and primary levels. As requested CAA attended and provided assistance to the APEC transport working group in Taipei.

A position paper for the forum Civil Aviation Ministers meeting in Suva was prepared covering the formation of a regional approach.

The Forum Civil Aviation Minister's meeting in Suva was attended by the Minister of Transport, the

**During 1997/98 work will continue on reviewing the existing agreements with the civil aviation authorities of Australia, Canada and the United States and on establishing agreements with other civil aviation authorities.**

Director of the CAA and the Controller Security and International Relations. The meeting agreed to the formation of a regional approach to the practical aspects of civil aviation. Close co-operation and co-ordination on these matters with the Australian Department of Transport, CASA, MoT, and MFAT will be maintained.

Informal discussions were held with the Australian and Canadian authorities.

CAA officials attended the 50<sup>th</sup> Flight Safety and International federation of Airworthiness conference in Washington D.C. followed by the ICAO Directors General conference on Safety Oversight in Montreal.

CAA met with a FAA representative to follow up safety agreement development matters. New Zealand's new High Commissioner to Fiji was briefed by the CAA. The CAA co-sponsored with NASA a seminar on non-medical methods on determining pilots fatigue. Correspondence with Transport Canada reinforced the aim of exchanging personnel to facilitate mutual understanding.

The High Commissioner for the Cook Islands and New Zealand's new Deputy High Commissioner to Samoa were briefed by the CAA. A CAA – NASA MOU was designed to develop a methodology for employing non-medical methods to determine aircrew fatigue. Correspondence with Transport Canada reinforced the aim of future mutual exchange of personnel to facilitate harmonisation and understanding.

## **A. LEGISLATION AND STANDARDS DEVELOPMENT**

### **1. Legislation**

#### ***Quantity, Timeliness, and Quality***

**Civil Aviation legislation will be reviewed as and when needed with any proposed legislative changes to keep the legislation up-to-date, relevant and abreast of important new developments, actioned in accordance with principles and time scales agreed with the Ministry of Transport.**

**100% of legislative proposals will:**

- **align with government policies, civil aviation safety policies, cost recovery policies and the Civil Aviation Act;**
- **be accompanied by such supporting papers and information as the Ministry of Transport requires to introduce the**

A basic list of amendments to the civil aviation act was collated and forwarded to the MoT.

A request was undertaken to compile a list of proposals for amendments to the Civil Aviation Act together with supporting information. The results will be processed into submission material in 1998/99.

Americas Cup and Cockpit Voice Recorder issue proposals were developed in close co-ordination with the MoT and met the legislative proposal requirements.

**intended legislation; and**

- **be handled in accordance with the procedures specified in the “Guidelines and Protocols for the Handling of Legislative and Administrative Matters”.**

## 2. Standards Development

### *Quantity and Timeliness*

**The programme for the production, ongoing maintenance and review of the Civil Aviation Rules as set out in Appendix A to Schedule Four of the 1997/98 Performance Agreement will be fulfilled within the time frames specified in the programme.**

<b>Rule Number</b>	<b>Status at end of 4th Quarter</b>	
<b>New Rule Development</b>		
Part 34 and 36	Target not met. Parts have completed the informal consultation stage.	
Part 71	Target met. Rule effective from 1 Jan 98.	
Part 73	Target met. Rule effective from 1 Jan 98.	
Part 172	Target met. Rule effective from 1 Jan 98.	
Part 115 (initial Subparts)	Target not met. The draft resulted in significant comment that required a reassessment of the format of the rule.	
Part 95, 97, and 173	Target not met. Parts 95, 97 and 173 for instrument procedures and associated organisations have reached the NRPM stage.	
Part 140	Target not met. Final signing was delayed while an issue not directly related to the rule was being resolved. Rule expected to be signed early next quarter.	
<b>Rule Revisions</b>		
Part 19 (GPS)	Target not met. Revision at NPRM stage and included in unscheduled Part 91 amendments.	
Part 19 (Supply Organisations)	Target not met. Review not commenced.	
Part 21	Target met. Amendment effective from Dec 97.	
Part 61 (7 subparts)	Target met. Amendment effective from Dec 97.	
Part 61 (12 subparts)	Target not met. The subparts are at informal draft stage.	
Part 67	Target not met. Review not commenced.	
Part 77 (wire marking)	Target not met. Discussion paper circulated to power companies, industry, and other interested parties, for informal comment but more time has been requested by power companies to test the criteria against existing lines. Summary expected next quarter.	
Part 92 (External Petitions)	Petition denied - Rule amendment not required.	
Part 139 (External Petitions)	Target not met. Review not progressed beyond initial stages.	
Parts 121, 135 (FDRs)	Target met. Amendment effective April 98.	
Part 171	Target not met. Review not commenced.	
<b>Advisory Circular Development / Revision</b>		
AC 12-2	Target not met.	} Priorities on some of these ACs changed. Total of 25 ACs developed and published.
AC 21	Target met. 5 AC completed.	
AC 43	Target met. 10 AC completed.	
AC 61 (various subparts)	Target not met. Nearing completion.	
AC 91	Target met. 2 AC completed.	
AC 120	} Not completed. Focus was changed to other ACs.	
AC 120-40		
AC 120-53		

- A number of the rule completion targets have not been met due to the following:

- staff changes,
- unscheduled but necessary work,
- a major review of one of the operating rules,
- review of rules for training and examinations, and
- the withdrawal of air traffic services from Ardmore aerodrome.

During the year 184 Airworthiness Directives were produced, of which 27 were Emergency Airworthiness Directives.

***Quality***

**To maintain ISO certification of policies and procedures for this area of activity.**

The Rules and Standards Group accreditation was re-affirmed by a BVQI audit in the 4<sup>th</sup> quarter.

**The Rule making and review process will meet the requirements of sections 28 - 36 of the Civil Aviation Act 1990, as measured by:**

All rule making process requirements were met. No challenges to the Regulations Review Committee have been submitted this quarter.

- **Percentage of rules and amendments subject to a full consultative process.**
- **Number of successful challenges such as judicial reviews or challenges in the High Court.**

Regulations Review Committee reviewed 22 Rules and Rule Amendments. Although the committee requested some clarifications none of the rules were disallowed.

## OUTPUT CLASS: SAFETY ASSESSMENT AND CERTIFICATION

### Description

This Output Class covers:

#### A. Aviation Document Assessment

- The exercise of control over entry into the New Zealand civil aviation system through the assessment of applications for aviation documents to or in respect of: flight crew and aircraft maintenance engineers; aircraft airworthiness; commercial organisations involved in the operation, design, manufacture and maintenance of aircraft; and organisations operating aviation navigation systems, air traffic services, airports, aviation security services, and aviation meteorological services.

#### B. Monitoring and Corrective Action Identification

- The monitoring of adherence to safety and security standards within the civil aviation system including the carrying out or requiring of inspections and audits in respect of personnel, operations and organisations that are or should be licensed within the civil aviation system.
- The identification and ensuring of implementation of corrective action which needs to be taken by applicants or holders of aviation documents to ensure adherence to aviation safety and security standards.

### Outcomes

This Output class contributes to the Government's outcomes of:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well-being.

### Resources Used (\$000s)

Actual 1996/97 \$000	Output Class: Safety Assessment and Certification	1 July 1997 - 30 June 1998			
		Actual \$000	Budget \$000	Variance	
				\$000	%
6,005	<b>Revenue</b>				
	Other	7,861	9,965	(2,104)	(21)
<b>6,005</b>	<b>Total Revenue</b>	<b>7,861</b>	<b>9,965</b>	<b>(2,104)</b>	<b>(21)</b>
	<b>Expenses</b>				
3,269	Personnel	3,764	4,312	548	13
3,369	Operating ( <i>Incl. Overhead Allocations</i> )	4,335	4,612	277	6
82	Depreciation	36	269	233	87
25	Capital Charge	16	128	112	88
<b>6,745</b>	<b>Total Output Expenses</b>	<b>8,151</b>	<b>9,321</b>	<b>1,170</b>	<b>13</b>
(740)	Net Surplus/(Deficit)	(290)	644	(934)	(145)
	Transfer to Risk Reserve	500	500		
<b>(740)</b>	<b>Net Surplus/(Deficit) for distribution</b>	<b>(790)</b>	<b>144</b>	<b>(934)</b>	<b>(649)</b>

### Service Performance

## A. AVIATION DOCUMENT ASSESSMENT

### Quantity

100% of all active work requests covering issue or amendment of aviation documents, and the change to this number during the reporting period will be reported under the following categories:

Personnel licensing	Aeronautical services
Medical Assessments	Aircraft Certification
Operator Certification	Aircraft Registration

as measured by:

- The number of applications (work requests) for issue or amendment of aviation documents under each of the above categories that are:
  - open at the beginning of the reporting period
  - received during the period;
  - closed/action completed during the period;
  - open at the end of the period [= (a) + (b) - (c) ].
- Trends evident from the above data, measured against previous quarter(s) and on a rolling 12 month basis.

#### Personnel Licensing

	Received/ Completed	Flight Crew	AME	ATS	Flight Tests
Q1	988	473	255	260	7
Q2	759	440	284	35	8
Q3	724	472	236	16	16
Q4	757	522	211	24	27
<b>Year</b>	<b>3228</b>	<b>1907</b>	<b>986</b>	<b>335</b>	<b>58</b>

AME = Aircraft Maintenance Engineer

ATS = Air Traffic Service Personnel

100% of all transactions received were completed.  
No trend assessable on previous year.

#### Medical Assessments

	CAA Assessors	External Assessors	Total Completed
Q1	399	1254	1653
Q2	318	1619	1937
Q3	140	1708	1848
Q4	263	1736 *	1999 *
<b>Year</b>	<b>1120</b>	<b>6317 *</b>	<b>7437 *</b>

\* Provisional figures awaiting reports from external assessors.

Based on the record held by both Personnel Licensing and Medical Assessment units, data could not be captured exactly as required due to the nature of activities in recording and processing applications.

Transaction numbers steady on previous year.

#### Operator Certification

	Open	Received	Completed	Cancelled	Remaining Open
Q1	211	502	442	24	247
Q2	247	393	432	28	180
Q3	180	298	258	20	200
Q4	200	407	369	55	183
<b>Year</b>	<b>-</b>	<b>1600</b>	<b>1501</b>	<b>127</b>	<b>183</b>

Transaction numbers down on previous year by 36% (expected to rise again in future periods).

#### Aeronautical Services

	Open	Received	Completed	Cancelled	Remaining Open
Q1	30	57	36	8	43
Q2	43	133	108	7	61
Q3	61	120	57	10	114
Q4	114	193	191	14	102
<b>Year</b>	<b>-</b>	<b>503</b>	<b>392</b>	<b>39</b>	<b>102</b>

No trend assessable on previous year.

#### Aircraft Certification

	Open	Received	Completed	Cancelled	Remaining Open
Q1	230	355	317	32	236
Q2	236	352	309	28	251
Q3	251	337	265	33	290
Q4	290	426	420	18	278
<b>Year</b>	<b>-</b>	<b>1470</b>	<b>1311</b>	<b>111</b>	<b>278</b>

Transaction numbers steady on previous year.

#### Aircraft Registration

	Open	Received	Completed	Cancelled	Remaining Open
Q1	68	372	364	11	65
Q2	65	298	305	8	50
Q3	50	232	218	11	53
Q4	53	342	305	8	82
<i>Year</i>	-	<i>1244</i>	<i>1192</i>	<i>38</i>	<i>82</i>

Transaction numbers down on previous year by 24%.

***Timeliness and Quality***

**Achievement of a 5% improvement in the average elapsed time for completion of the assessment of applications for issue or amendment of aviation documents.**

***Personnel Licensing***

Flight Crew Transactions	Q1	Q2	Q3	Q4
Average turnaround time (days)	1.66	1.68	1.74	1.57

Target achieved with a 5.4% improvement over the year. The turnaround time for this quarter is close to the minimum possible turn around time.

***Medical Assessments***

	Routine Assessments		Special Assessments	
	Average Completion	90 Percentile Turnaround	Average Completion	90 Percentile Turnaround
Q1	8.6 days	13 days	48 days	121 days
Q2	6.9 days	6 days	15 days	39 days
Q3	3.94 days	11 days	13 days	36 days
Q4	3.97 days	6 days	16 days	51 days

Target achieved with significant improvements over the year.

**100% of issues and amendments of aviation documents will be made only when the applicable entry standard has been met, and in compliance with CAA policy and procedures including the Service Charter.**

***Operator Certification***

	Q1	Q2	Q3	Q4
Average elapsed time (days)	-	-	29.6	28

While these basic figures show an improvement the nature of the work is variable and is subject to outside influence. There have been no complaints received from clients.

***Aeronautical Services***

Each task in this area is very different and it is not possible to give, or work to an “average elapsed time” for completion. There have been no complaints from clients.

***Aircraft Certification and Registration***

Based on a 10% sample of tasks completed and closed, applications received or responses required were acknowledged and actioned appropriately within 10 working days.

All assessment processes were carried out in accordance with documented procedures and criteria. There were no service charter complaints about the policies and procedures followed.



## B. MONITORING AND CORRECTIVE ACTION IDENTIFICATION

### 1. Surveillance

#### Quantity

90% of the surveillance activities planned in the 1997/98 surveillance programme will be carried out, as measured by:

- The total number of audit and inspection modules carried out compared with the planned number (expressed as a percentage), and the trend.
- The total number of spot check hours carried out compared with the planned hours (expressed as a percentage), by category, and the trend.

	Q1	Q2	Q3	Q4	Year
Modules Due	208	187	196	215	806
Modules Completed	170	140	186	244	740
% Completed	82%	75%	95%	113%	92%
Spot Check Planned	-	540 hrs	-	-	540 hrs
Spot Check Completed	-	638 hrs	*	* > 638 hrs	
% Completed	-	118%	-	-	118%

\* On all number of hours on opportunity basis.

The total module completed is in excess of modules planned due to the completion of modules for previous quarters.

Spot checks resulted in 81 findings in the following categories:

- 70 Aircraft
- 74 Aircraft operators
- 25 Aerodrome Operators
- 1 Air Traffic Service Provider

#### Timeliness and Quality

90% of the planned audit and inspection modules will be carried out on or before the due date for each module.

	Q1	Q2	Q3	Q4	Year
% Carried out by due date (number)	79%	49%	63%	77%	67%
	(165)	(91)	(124)	(143)	(523)

All remaining modules were completed by 30 June 1998 except for one which was carried over to the next period because the location could not be reached due to weather conditions.

**Variance** – Due to lack of resources – further people have been recruited and are presently undergoing training.

100% of deferred audits and inspections will be carried out within 3 months of the original scheduled date.

	Q1	Q2	Q3	Q4	Year
% Carried out within 3 months of original scheduled date	-	-	100%*	99.50%	100%

\* Includes some audit work in progress.

80% of all surveillance reports will be completed and dispatched within 15 business days of the date of the audit or inspection exit meeting, with a downward trend in instances exceeding this deadline.

	Q1	Q2	Q3	Q4	Year
% Dispatched within 15 business days	74%	66%	64%	69%	68%

**Variance** – Due to lack of resources – further people have been recruited and are presently undergoing training.

## 2. *Corrective Actions*

As a result of follow-up:

		Q1	Q2	Q3	Q4	Year
(a) <b>90% of all corrective actions will be closed within 3 months of the specified due date.</b>	No. of Corrective Actions Closed	51	485	405	705	<b>1646</b>
(b) <b>100% of all corrective actions will be closed within 6 months of the specified due date</b>	% completed within 3 months	71%	76%	86%	79%	<b>78%</b>
	% completed within 6 months	90%	81%	94%	91%	<b>89%</b>

150 corrective actions against clients remained open at the end of the period (90% of which relates to actions remaining open for less than three months of specified due date, 10% for the remaining six month period).

## **OUTPUT CLASS: SAFETY ANALYSIS AND INFORMATION**

### **Description**

This Output Class covers:

#### **A. Safety Investigation and Analysis**

- 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.
- The investigation and review of civil aviation accidents and incidents in accordance with the Authority's capacity as the responsible aviation safety and security authority, subject to the limitations set out in section 14(3) of the Transport Accident Investigation Commission Act 1990.
- The analysis of audit and investigation reports and preparation of recommendations for corrective action to be taken by participants in the civil aviation system and/or by the Authority such as amendments to Rules, education and information, or additional monitoring to improve safety.
- The analysis of civil aviation accident and incident reports to establish causal factors and trends.
- The assessment of overseas information such as Airworthiness Directives, aircraft reliability data and flight operations information, and the taking of appropriate action.

#### **B. Safety Education and Information**

- The collection, publication and provision of aeronautical charts and information to individuals and organisations within the civil aviation system and liaison with other organisations which promulgate aeronautical information.
- The promotion of safety in the civil aviation system by providing safety information and advice, and fostering safety education programmes.

### **Outcomes**

This Output class contributes to the Government's outcomes of:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well-being.

## Resources Used (\$000s)

Actual 1996/97 \$000	Output Class: Safety Analysis and Information	1 July 1997 - 30 June 1998			
		Actual \$000	Budget \$000	Variance	
				\$000	%
3788	Revenue Other	5,071	4,076	995	24
<b>3,788</b>	<b>Total Revenue</b>	<b>5,071</b>	<b>4,076</b>	<b>995</b>	<b>24</b>
1,414	Expenses Personnel	1,636	1,770	134	8
2,009	Operating ( <i>Incl. Overhead Allocations</i> )	1,957	2,005	48	2
30	Depreciation	51	159	108	68
5	Capital Charge	43	65	22	34
<b>3,458</b>	<b>Total Output Expenses</b>	<b>3,687</b>	<b>3,999</b>	<b>312</b>	<b>8</b>
<b>330</b>	<b>Net Surplus/(Deficit) for distribution</b>	<b>1,384</b>	<b>77</b>	<b>1,307</b>	<b>1,000</b>

## Service Performance

### A. SAFETY INVESTIGATION AND ANALYSIS

#### 1. Aviation Safety Reports

##### *Quantity and Timeliness*

Two six monthly Aviation Safety Reports will be completed by 31 December 1997 and 30 June 1998 respectively reporting progress against the Aviation Safety Outcome Targets contained in Schedule Three to this Agreement; causal factors for accidents, incidents, and other occurrences; and trends. These Reports will cover the six month periods, 1 January – 30 June 1997 and 1 July – 31 December 1997 respectively.

The two six monthly Aviation Safety Reports were completed and delivered on 23 December 1997 and 26 June 1998 respectively.

##### *Quality*

The Aviation Safety Reports will include full and accurate analyses and appropriate statistical data quality measures.

A review of the quality, quantity and appropriateness of the report's contents, based on a survey, has been completed and submitted to the CAA senior management team.

#### 1. Investigations

##### *Quantity and Timeliness*

Of the investigations of critical or major occurrences closed during the reporting period:

- 70% will be closed within 6 months of registration on the CAA database; and
- 90% will be closed within 12 months of registration on the CAA database.

The use of contract staff has enabled the closing the backlog of older occurrences to be achieved during 1997/98. The agreed targets are now being met.

	Total Closures	Closures 6 months or less	Closures 12 months or less
Q1	423	137 (32%)	203 (48%)
Q2	733	106 (16%)	190 (26%)
Q3	468	109 (23%)	154 (33%)
Q4	192	142 (80%)	176 (92%)
<b>Year</b>	<b>1816</b>	<b>494</b>	<b>723</b>

Less than 10% of all investigations of critical or major occurrences will remain open for longer than 12 months from date of registration on the CAA database.

The target was not met, however, progress towards the target is being made. The work undertaken on closing older occurrences continued to influence these results.

	Q1	Q2	Q3	Q4
% open longer than 12 months	18%	19%	17%	17%

Where an investigation cannot be closed within 12 months of registration due to dependency on the completion of a report by the Transport Accident Investigation Commission, the investigation will be closed within 6 months of the publication of the final TAIC report.

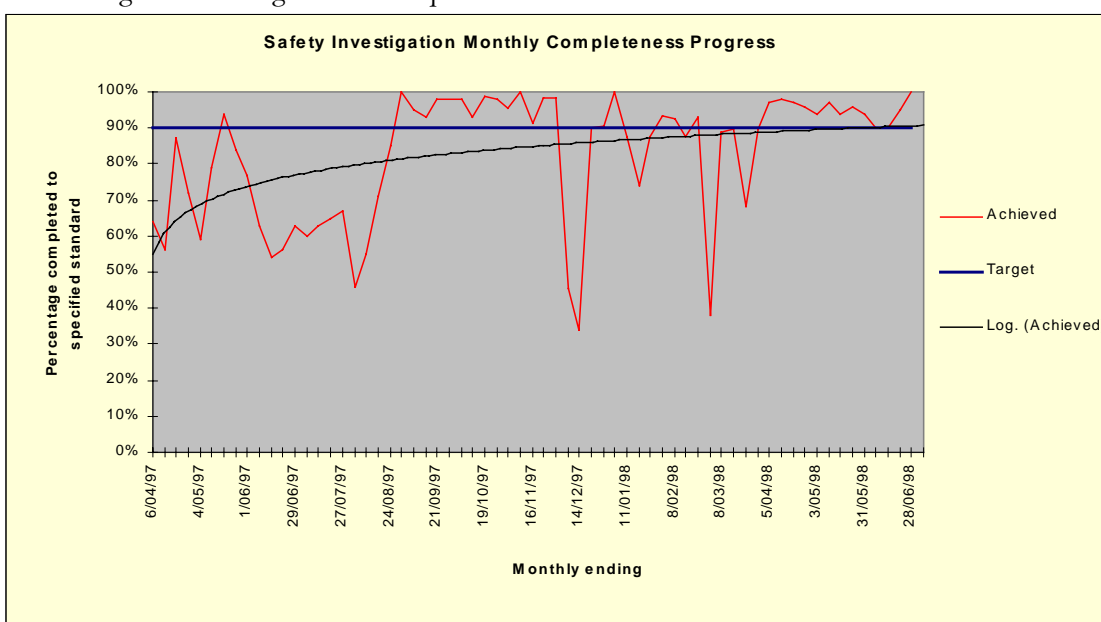
The situation did not arise.

**Quality**

More than 90% of investigations closed during the reporting period will meet the requirements for accuracy and completeness specified in the approved CAA procedures for investigations.

	Closed Investigations	Number of Occurrences
Q1	78%	1325
Q2	75.70%	1340
Q3	66.54%	1862
Q4	95.26%	717
<b>Year</b>	<b>76%</b>	<b>5244</b>

Although the percentage of investigations closed for the year was below target an improvement has been made exceeding the 90% target in the 4<sup>th</sup> quarter.



Straight line target at 90%, jagged line is % completions achieved, curved line is log completions achieved.

### 3. *Recommendations of the Transport Accident Investigation Commission (TAIC)*

#### *Quantity, Timeliness and Quality*

All TAIC Recommendations in respect of proposed action by the Civil Aviation Authority received during each Quarter will be reported together with those TAIC Recommendations implemented during that Quarter.

100% of TAIC Preliminary and Final Recommendations received by the CAA will be assessed and comments, including acceptance or reasons for rejection of the Recommendation, passed to TAIC by the deadline specified in accordance with section 7 of the Memorandum of Understanding between the CAA and TAIC.

- **TAIC Report 96/021 : Loss of separation over the Tasman Sea.** Preliminary Recommendation 056/97 received 6 August. Reply due and sent 15 August. Final Recommendation 056/97 received 21 August. No reply required. Recommendation stayed the same and response required only if changed from that to Preliminary Recommendation
- **TAIC Report 97/006 : Balloon and a wire strike.** Preliminary Recommendations 048/97 and 049/97 received 17 June. Reply due 8 July, sent 9 July. Final Recommendations 048/97 and 049/97 received 7 August. Reply due and sent 27 August.
- **TAIC Report 97/007 : ATC system failure.** Preliminary Recommendation 059/97 received 21 August. Reply due 11 September, sent 9 September.
- **TAIC Report 97/007: ATC system failure.** Final Recommendation 059/97 received 7 October. Reply due 28 October, sent 17 October.
- **TAIC Report 97/012: United Aviation Beechcraft Baron accident.** The CAA received this report on 8 November and made extensive comment on a number of aspects of the report although the report did not make any recommendations to the Director of Civil Aviation.
- **TAIC Report 97/007: Loss of separation between an RNZAF Airtrainer and an Eagle Air Metro aircraft, Hamilton 1 July 1997.** Received 5 January 1998. No recommendations for the Director.
- **TAIC Report 97/012: Fatal Accident of a United Aviation Beechcraft Baron, Tararua Ranges 11 June 1997.** Received a Preliminary Safety Recommendation on 14 February 1998. Advised TAIC that the following final recommendation (12 March 1998) would be adopted;  
*That the Director should review the likely safety benefits of the installation of suitable carbon monoxide detection devices in the cabins of aircraft which have potential for an ingress of carbon monoxide, with a view to making the installation of such devices mandatory in appropriate circumstances (009/98).*
- **TAIC Report 97/013: Loss of separation between an RNZAF Airtrainer and a Metroliner near Hamilton on 1 July 1997.** The CAA received a Preliminary Safety Recommendation on 6 April 1998 and sent a qualified response on the due date of 9 April.
- **TAIC Report 97/017: Loss of Separation between a Metroliner and a BAe 146 near New Plymouth on 21 December 1997.** The CAA received two Preliminary Safety Recommendations on 22 April 1998, which were not supported in their existing wording. The response was sent on the due date of 14 May. The CAA then received amended Final Safety Recommendations on 11 June, which were accepted with qualifications. The response was due and sent on 23 June.
- **TAIC Report 98/005: Engine failure Squirrel Helicopter near Rotorua on 19 April 1998.** The CAA received a Preliminary Safety Recommendation on 14 May 1998 and responded by the due date of 22 May. The Final Safety Recommendation was received on 3 June and the response was that the intent of the recommendation had been met by the end of May. This response was sent on 3 June.

- **TAIC Report 98/002: Cherokee aircraft engine fire at Ashburton, on 20 January 1998** The CAA received a Preliminary Safety Recommendation on 17 June 1998. The response was due 6 July 1998 and was sent on 5 July.

- **100% of TAIC Recommendations accepted by the CAA will be implemented in accordance with any timetable and action plan agreed.**

- **TAIC Report 97/004 : Wake turbulence accident at Wellington.** Recommendation 028/98 – Article published in Vector on 2 July. Task completed by due date.

- **TAIC Report 96/021 : Loss of separation over the Tasman Sea.** Recommendation 056/97 conveyed to appropriate CAA staff in September. Task completed by due date.

The CAA has continued to publish articles in Vector and initiate matters for rule-making consideration as a result of TAIC recommendations. Task completed by due date.

The CAA has received a recommendation from the Department of Courts as an outcome of the case – *The Queen –v- James Edward Gedson*. This recommendation has been passed to the Rules and Standards Group for consideration in future relevant rule making. Task completed by due date

There are no recommendations outstanding.

## B. SAFETY EDUCATION AND INFORMATION

### 1. Educational Material

#### *Quantity and Timeliness*

For the 1997/98 year:

	Quarter	Pages	Regularity	Video	Other
(a) flight safety periodicals to be published on a regularity cycle of 42 days $\pm$ 11 days between issues; these periodicals to comprise a combined total of 96 or more pages.	1	8	-	1	-
	2	24	50, 46	-	2 Posters
	3	44	37, 42, 35	1	-
	4	40	42, 43	-	1 Poster, 2 Stickers
(b) 2 flight safety videos.					
(c) at least 3 flight safety products other than periodicals or videos	<i>Year</i>	<i>116</i>	<i>All of the above</i>	<i>2</i>	<i>3 Posters, 2 Stickers</i>

#### *Quality*

75% of respondents rank CAA publications as good or better on the basis of an independent client survey against agreed criteria. Not measured.

### 2. Safety Programmes

#### *Quantity and Timeliness*

12 Heli-Kiwi CAA Safety Seminars will be held predominantly for helicopter pilots to learn more about aeronautical decision-making. 12 Heli-Kiwi CAA Safety Seminars held

12 Aero-Kiwi CAA Safety Seminars to be held predominantly for fixed-wing pilots to learn more about aeronautical decision-making. 14 Aero-Kiwi CAA Safety Seminars held  
2 Micro-Kiwi CAA Safety Seminars held

Training provided for 50 Aviation Safety Co-ordinators trained in three

ordinators.	courses.
<i>Quality</i>	
<b>In post-seminar surveys of attendees, 75% of respondents rank the Heli-Kiwi and Aero-Kiwi Safety Seminars at 3 or greater on a quality scale of 1 to 5.</b>	99% of respondents ranked Heli-, Aero- and Micro-Kiwi Safety Seminars at 3 or greater on a quality scale of 1 to 5. (Average scores: Aero 4.5, Heli 4.4, Micro 4.2)
<b>In post-course surveys of attendees, 75% of respondents rank the Aviation Safety Co-ordinator Courses at 3 or greater on a quality scale of 1 to 5</b>	98% of respondents ranked Aviation Safety Co-ordinator Courses at 3 or greater on a quality scale of 1 to 5. (Average score 4.2)



## OUTPUT CLASS: ENFORCEMENT

### Description

This Output Class covers the taking of appropriate follow-up action in the public interest, including legal action, against individuals or organisations to enforce the provisions of the Civil Aviation Act 1990 and its amendments, and related regulations and rules; and for breaches of conditions of licences, certificates or other aviation documents.

### Outcomes

This Output class contributes to the Government's outcomes of:

1. A safe, sustainable transport system at reasonable cost.
2. Enhanced economic, social and environmental well-being.

### Resources employed (\$000s)

Actual 1996/97 \$000	Output Class: Enforcement	1 July 1997 - 30 June 1998			
		Actual \$000	Budget \$000	Variance	
				\$000	%
680	Revenue				
	Other	1,051	792	259	33
<b>680</b>	<b>Total Revenue</b>	<b>1,051</b>	<b>792</b>	<b>259</b>	<b>33</b>
	Expenses				
340	Personnel	275	266	(9)	(3)
379	Operating ( <i>Incl. Overhead Allocations</i> )	348	405	57	14
3	Depreciation				
2	Capital Charge		10	10	100
<b>724</b>	<b>Total Output Expenses</b>	<b>623</b>	<b>681</b>	<b>58</b>	<b>9</b>
<b>(44)</b>	<b>Net Surplus/(Deficit) for distribution</b>	<b>428</b>	<b>111</b>	<b>317</b>	<b>286</b>

### Service Performance

<i>Quantity</i>						
The following enforcement actions are forecast for the 1997/98 year:						
• 280 alleged offences reported/recorded and initial investigations undertaken	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Year</b>	
• 200 detailed investigations commenced.	45	52	73	66	<b>236</b>	
• 200 detailed investigations completed.	35	28	36	36	<b>135</b>	
	27*	31*	30*	41*	<b>129*</b>	
	* Breakdown of completed investigations:					
		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Yr</b>
	- Prosecutions commenced	0	6	2	8	16
	- No offence disclosed	12	5	12	9	38
	- Written warning	9	8	5	6	28
	- No further action	6	11	10	14	41
	- Referred other agency	-	1	1	4	6
	<b>Variance</b> - The low number of detailed investigations commenced/completed (about 56% of total reported offences for 1997/98) resulted from a					

	CAA investigator being fully committed for a period in a joint CAA / Police investigation and having another on extended sick leave.																				
<b><i>Timeliness</i></b>																					
100% of investigations into alleged aviation offences will be investigated within six (6) months of the date of the offence.	100% throughout the year.																				
100% of enforcement actions proposed as a result of the investigation of any alleged aviation offence will be commenced within six (6) weeks of the completion of the investigation.	100% throughout the year.																				
<b><i>Quality</i></b>																					
To maintain ISO certification of policies and procedures for this area of activity.	ISO certification maintained. Regular reviews have been held and recorded.																				
Priority will be given to fully investigating those alleged offences which are rated as having high adverse consequences for public safety.	Number of offences are shown in brackets. All major and critical investigations having a line of enquiry were investigated.																				
	<table border="1"> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> </tr> </thead> <tbody> <tr> <td><b>Critical</b></td> <td>-</td> <td>3 (3)</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Major</b></td> <td>26 (30)</td> <td>24 (26)</td> <td>34 (45)</td> <td>33 (49)</td> </tr> <tr> <td><b>Minor</b></td> <td>9 (15)</td> <td>1 (23)</td> <td>-</td> <td>1 (17)</td> </tr> </tbody> </table>		Q1	Q2	Q3	Q4	<b>Critical</b>	-	3 (3)	-	-	<b>Major</b>	26 (30)	24 (26)	34 (45)	33 (49)	<b>Minor</b>	9 (15)	1 (23)	-	1 (17)
	Q1	Q2	Q3	Q4																	
<b>Critical</b>	-	3 (3)	-	-																	
<b>Major</b>	26 (30)	24 (26)	34 (45)	33 (49)																	
<b>Minor</b>	9 (15)	1 (23)	-	1 (17)																	

**STATEMENT OF SERVICE PERFORMANCE**  
**CLASS III SEARCH AND RESCUE SERVICES**  
Year Ended 30 June 1998

**OUTPUT CLASS : CLASS III SEARCH AND RESCUE SERVICES**

**Description**

This output class involves the purchase of search and rescue services and the maintenance and operation of the National Rescue Co-ordination Centre. The services provided include the co-ordination of SAR operations where national civil and military resources are required, for surface vessels and aircraft in distress in the NZ SAR region (NZ SRR). It also involves the maintenance of a Local User Terminal (LUT) system capable of detecting Emergency Locator Transmitters (ELTs) in the NZ SRR and providing the rapid resolution of any detections.

**Outcomes**

This Output Class contributed to the following Government Outcomes:

1. A safe, sustainable transport system at reasonable cost
2. Enhanced economic, social and environmental well-being.

**Resources employed (\$000s)**

Actual 1996/97 \$000	Output Class: Class III Search and Rescue Services	1 July 1997 - 30 June 1998			
		Actual \$000	Budget \$000	Variance	
				\$000	%
	<b>Revenue</b>				
1,084	Crown	1,285	1,011	274	27
108	Interest	61	39	22	56
(1)	Gain/(loss) on disposal of assets	3	0	3	0
<b>1,191</b>	<b>Total Revenue</b>	<b>1,349</b>	<b>1,050</b>	<b>299</b>	<b>28</b>
	<b>Expenses</b>				
154	Personnel	174	183	9	5
518	Operating	639	475	(164)	(35)
387	Depreciation	298	300	2	1
191	Capital Charge	110	114	4	4
<b>1,250</b>	<b>Total Output Expenses</b>	<b>1,221</b>	<b>1,072</b>	<b>(149)</b>	<b>(14)</b>
<b>(59)</b>	<b>Net Surplus/(Deficit)</b>	<b>128</b>	<b>(22)</b>	<b>150</b>	<b>682</b>

## Service Performance

Trained staff will be available at all times and in sufficient numbers for the National Rescue Co-ordination Centre to co-ordinate concurrent SAR operations.

<i>Quantity</i>		
	<i>Annual Forecast</i>	<i>Annual Actual</i>
Expected number of SAR occurrences	650	759
Expected hours resolving SAR occurrences	655	416
Expected LUT alerts	314	575
Expected hours resolving LUT alerts	1,125	1,483
Expected NRCC activations	28	14
Expected hours spent on NRCC activations	388	270
<i>Timeliness</i>		
Availability at all times of the Local User Terminal to detect Emergency Locator Transmitters.	100% throughout the year.	
Immediately (within 10 minutes) response time to act positively on receipt by the Search and Rescue Mission Co-ordinator of a distress notification or other call for assistance from any source.	100% throughout the year.	
<i>Quality</i>		
Operational standards and procedure – Civil Aviation Authority SAR Operations Plan, incorporating New Zealand’s international maritime and aeronautical standards.	Internal audit resulted in one corrective action and two recommendations – all actioned.	
Quality standard for systems and procedures – ISO 9002.	Certification maintained.	
Annual reports of the results of the surveys of persons rescued or accounted for.	Although surveys have been issued they have not generated any responses.	
Quarterly reports summarising relevant media reports.	No known adverse media reports throughout the year.	

## Outcome Performance Measures and Standards

<b>100% of Search and Rescue operations will be successfully concluded.</b>	100% throughout the year.
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**Note:** *A successful search and rescue operation is defined as:*

*“When all located injured and uninjured souls are recovered and all search and rescue personnel have returned home. It shall not include the recovery of bodies, recovery or salvage of aircraft or vessels, or equipment not associated with the search and rescue operation.”*

## STATEMENT OF SERVICE PERFORMANCE

### AVIATION SECURITY SERVICE

Year Ended 30 June 1998

#### OUTPUT CLASS : AVIATION SECURITY SERVICE

##### Description

This Output Class involves the provision of aviation security services for international and domestic air operations.

##### Outcomes

This Output Class contributed to the following Government Outcomes:

1. A safe, sustainable transport system at reasonable cost
2. Enhanced economic, social and environmental well-being.
3. Community Security.

##### Resources employed (\$000s)

Actual 1996/97 \$000	Output Class: Aviation Security Service	1 July 1997 - 30 June 1998			
		Actual \$000	Budget \$000	Variance	
				\$000	%
	<b>Revenue</b>				
11,668	Other	9,561	10,471	(910)	(9)
212	Interest	269	147	122	83
21	Gain on disposal of assets	2	0	2	-
<b>11,901</b>	<b>Total Revenue</b>	<b>9,832</b>	<b>10,618</b>	<b>(786)</b>	<b>(7)</b>
	<b>Expenses</b>				
5949	Personnel	6,543	6,935	392	6
2,581	Operating	2,354	2,436	82	3
528	Depreciation	545	612	67	11
206	Capital Charge	342	342	0	0
<b>9,264</b>	<b>Total Output Expenses</b>	<b>9,784</b>	<b>10,325</b>	<b>541</b>	<b>5</b>
<b>2,637</b>	<b>Net Surplus/(Deficit)</b>	<b>48</b>	<b>293</b>	<b>(245)</b>	<b>(84)</b>

## Service Performance

### 1. Passenger Screening

<i>Quantity</i>													
<p><b>During the 1997/98 year the Aviation Security Service will screen all departing international passengers and their baggage as may from time to time be required by national or international authorities. For planning purposes the number is expected to be 3,237,728.</b></p>	<p><b>Passenger Numbers</b></p> <table> <tr> <td>Actual</td> <td>2,735,130</td> </tr> <tr> <td>Forecast</td> <td>3,237,728</td> </tr> <tr> <td>Variance</td> <td>-502,598</td> </tr> <tr> <td>% Variance</td> <td>-15.5%</td> </tr> </table>	Actual	2,735,130	Forecast	3,237,728	Variance	-502,598	% Variance	-15.5%				
	Actual	2,735,130											
Forecast	3,237,728												
Variance	-502,598												
% Variance	-15.5%												
	<p>Passenger numbers continue to fall below estimates due to the economic crisis in Asia. Although there has been some increase in passengers from the USA and Europe, this has not been sufficient to counteract the downward trend. The numbers are also below estimate following the relocation of the screening point at Auckland. This has resulted in transit passengers no longer being screened, as they no longer need to leave the security area.</p>												
<i>Timeliness</i>													
No flight delays due to screening activities.	There were no flight delays due to screening activities throughout the year.												
<i>Quality</i>													
98% compliance with the National Aviation Security Programme as audited.	There were no external audits of passenger screening activities during the year.												
95% detection rate in the Recurrent Testing Programme.	<table> <tr> <td>Test Objects</td> <td>1,132</td> </tr> <tr> <td>Objects detected Percentage detected</td> <td>1,085 95.8%</td> </tr> </table>	Test Objects	1,132	Objects detected Percentage detected	1,085 95.8%								
Test Objects	1,132												
Objects detected Percentage detected	1,085 95.8%												
During the 1997/98 year there will be no more than 1 formal complaint per 100,000 Passengers.	<p>Annual estimate = 32</p> <table> <thead> <tr> <th></th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> <th>Year</th> </tr> </thead> <tbody> <tr> <td>Actual</td> <td>-</td> <td>3</td> <td>1</td> <td>-</td> <td>4</td> </tr> </tbody> </table> <p>Note: The annual figure equates to one complaint for every 683,783 passengers.</p>		Q1	Q2	Q3	Q4	Year	Actual	-	3	1	-	4
	Q1	Q2	Q3	Q4	Year								
Actual	-	3	1	-	4								

### 2. Aircraft Search

<i>Quantity</i>									
<p><b>During the 1997/98 year the Aviation Security Service will search all aircraft as required by national or international regulatory authorities or the operator. For planning purposes the number is expected to be 900.</b></p>	<table> <tr> <td>Actual</td> <td>962</td> </tr> <tr> <td>Estimate</td> <td>900</td> </tr> <tr> <td>Variance</td> <td>+62</td> </tr> <tr> <td>%Variance</td> <td>+6.9%</td> </tr> </table>	Actual	962	Estimate	900	Variance	+62	%Variance	+6.9%
Actual	962								
Estimate	900								
Variance	+62								
%Variance	+6.9%								
<i>Timeliness</i>									
No flight delays due to search activities.	There were no flight delays due to aircraft search								

activities throughout the year.							
<i>Quality</i>							
<b>Compliance with the National Aviation Security Programme.</b>	There were no external audits of aircraft search activities throughout the year.						
<b>95% detection rate in the Recurrent Testing Programme, as measured by the percentage of test objects detected.</b>	<table> <tr> <td>Objects used</td> <td>341</td> </tr> <tr> <td>Objects detected</td> <td>326</td> </tr> <tr> <td>% detected</td> <td>95.6%</td> </tr> </table>	Objects used	341	Objects detected	326	% detected	95.6%
Objects used	341						
Objects detected	326						
% detected	95.6%						
<b>There will be no more than 5 customer complaints in relation to Aircraft Search activities, as measured by number of complaints.</b>	There were no complaints arising from Aircraft Search activities						

### 3. *Patrols*

<i>Quantity</i>									
<b>During the 1997/98 year the Aviation Security Service will carry out 24 hours patrols at all Security Designated Aerodromes and patrols as required at navigational installations. For planning purposes this is expected to be 57,000 hours.</b>	<table> <tr> <td>Actual Hours</td> <td>57,530</td> </tr> <tr> <td>Estimated Hours</td> <td>57,000</td> </tr> <tr> <td>Variance</td> <td>+530</td> </tr> <tr> <td>% Variance</td> <td>+ 0.9%</td> </tr> </table>	Actual Hours	57,530	Estimated Hours	57,000	Variance	+530	% Variance	+ 0.9%
Actual Hours	57,530								
Estimated Hours	57,000								
Variance	+530								
% Variance	+ 0.9%								
<b>The Aviation Security Service will attend all incidents, whether they involve offences against the Aviation Crimes Act 1972 or not, occurring during patrols. For planning purposes the number is expected to be 550.</b>	<table> <tr> <td>Number of incidents</td> <td>1,281</td> </tr> <tr> <td>Estimate</td> <td>550</td> </tr> <tr> <td>Variance</td> <td>+731</td> </tr> <tr> <td>% Variance</td> <td>+ 132%</td> </tr> </table>	Number of incidents	1,281	Estimate	550	Variance	+731	% Variance	+ 132%
Number of incidents	1,281								
Estimate	550								
Variance	+731								
% Variance	+ 132%								
<i>Timeliness</i>									
<b>Incidents will be attended within three minutes of coming to notice.</b>	There were no reports of incidents not attended within three minutes throughout the year.								
<i>Quality</i>									
<b>Persons unlawfully within the security area will be detected within five minutes of entry.</b>	There were no reports of persons remaining undetected for over five minutes throughout the year.								

#### 4. Access Control

<i>Quantity</i>									
During the 1997/98 year there will be no incidents of unauthorised access through controlled access points.	None throughout the year.								
During the 1997/98 year the Aviation Security Service will issue Airport Identity Cards to all authorised persons requiring them. For planning purposes the numbers are expected to involve 6,000 permanent cards and 20,000 temporary cards.	<table> <tr> <td>Permanent Cards Issued</td> <td>6,445</td> </tr> <tr> <td>Temporary Cards issued</td> <td>19,457</td> </tr> </table> <p>In addition 4,330 visitor and 651 company identity cards were issued during the year.</p>	Permanent Cards Issued	6,445	Temporary Cards issued	19,457				
Permanent Cards Issued	6,445								
Temporary Cards issued	19,457								
<i>Timeliness</i>									
95% of Airport Identity Cards replaced by expiry date.	<table> <tr> <td>Number of checks</td> <td>9,079</td> </tr> <tr> <td>Number of expired cards</td> <td>69</td> </tr> <tr> <td>Percentage expired</td> <td>0.8%</td> </tr> <tr> <td>Percentage Current</td> <td>99.2%</td> </tr> </table>	Number of checks	9,079	Number of expired cards	69	Percentage expired	0.8%	Percentage Current	99.2%
Number of checks	9,079								
Number of expired cards	69								
Percentage expired	0.8%								
Percentage Current	99.2%								
<i>Quality</i>									
95% compliance by Airport Identity Cardholders with the requirements for use.	<table> <tr> <td>Number of checks</td> <td>9,079</td> </tr> <tr> <td>Number of breaches</td> <td>60</td> </tr> <tr> <td>Percentage compliance</td> <td>99.3%</td> </tr> </table>	Number of checks	9,079	Number of breaches	60	Percentage compliance	99.3%		
Number of checks	9,079								
Number of breaches	60								
Percentage compliance	99.3%								

#### 5. Promote Security Awareness And Airline Co-operation

<i>Quantity</i>	
Provide security awareness training to customers on request.	All requests for training were met throughout the year.
<i>Timeliness</i>	
Training will be provided within one week of request.	All training requests were met within one week throughout the year.
<i>Quality</i>	
Training provided will meet the needs of the customer.	All customers were satisfied with the training given throughout the year.

#### 6. Maintain Cost Effective Operations

<i>Quantity</i>	
The cost of operations will be within budget.	There were no cases of expenditure exceeding budget throughout the year.
<i>Timeliness</i>	
All financial reports produced within deadlines as may be set by the Authority, Ministry of Transport or Treasury.	There were no cases of late reporting reported throughout the year.
<i>Quality</i>	
Cost of operations will be maintained by	There has been no further benchmarking carried



comparative benchmarking.

out since the Cost Efficiency Review of December 1995. The Service is embarking on a search for suitable benchmark organisations.

Financial reporting will be in compliance with the Public Finance Act.

There were no non-compliances reported throughout the year.

## B. COST EFFICIENCY AND EFFECTIVENESS MEASURES

Operation	Cost	Number	Ratio / Result
Patrols	\$2,500,829	1281 incidents	\$1,952.25 per incident
Access Control <i>Note: Cost recovery for access control during the year amounted to \$8617.</i>	\$822,865	Nil	Nil incidents of unauthorised access through Controlled Access Points
Security Awareness Training to Industry	\$2,195	599 people	\$3.66 per person
Identity Card Enforcement	\$69,021	103 offences	\$670.11 per offence

## C. COST EFFICIENCY

Operation	Cost	Number	Ratio / Result
Passenger Screening	\$2,885,538	2,735,130 screened	\$1.05 per passenger
Aircraft Search	\$73,855	962 searches	\$76.77 per aircraft

## AUDIT NEW ZEALAND REPORT