

CIVIL AVIATION AUTHORITY

Statement of performance expectations 2018-2019

BOARD STATEMENT

The Authority certifies that the information contained in this Statement of Performance Expectations (SoPE) reflects the operations and prospective financial statements including the appropriateness of the underlying assumptions of the Civil Aviation Authority for the period 1 July 2018 to 30 June 2019.

In signing this statement, we acknowledge our responsibility for the prospective financial statements contained in this SoPE.



Nigel Gould

Chair of the Civil Aviation Authority of New Zealand
27 April 2018



Grant Lilly

Board Member of the Civil Aviation Authority of New Zealand
27 April 2018

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SECTION

1

Statement of performance expectations

The following 2018-19 Statement of Performance Expectations sets out the outputs that the Authority provides and the standards against which we will assess our service delivery performance. It is an integral part of our strategic framework described below.



STRATEGIC CONTEXT

The Authority's aim to contribute to achieving the outcome of 'safe and secure skies to help New Zealand fly' shapes everything we do. Our Strategic Framework, established in the 2016-2026 Statement of Intent (see Page 22) helps us deliver on that outcome through our focus areas and outputs.

Our focus

The Authority promotes the safety and security of New Zealand's aviation system through regulatory oversight and security services. We focus on improving safety in parts of the aviation sector with poor safety performance. This keeps people increasingly free from harm. We support thriving regions and liveable cities by connecting social and economic opportunities through a safe and secure aviation system. We work towards an aviation system that is resilient and that can respond quickly to disruptions and safety and security threats.

SAFETY AND SECURITY FOCUS AREAS

Each year, the Authority identifies issues that are emerging in relation to the safety and security performance of the system. The resultant focus areas provide a tactical lense to deliver the Authority's outputs, and are described in the two year work programme for 2017-2019 (available online at www.caa.govt.nz).

The current focus areas are divided into two groups to represent their status. A description of the focus areas under each group and the output class they relate to is provided on the following page.



...Safe and secure skies to help New Zealand fly.

Active Management

The Authority is working on:

- **Airborne conflicts** — Airborne conflicts between aircraft have the potential to lead to mid-air collisions and resulting fatalities. Our work in this focus area draws on our educative services funded through Output Class 2 (Outreach) and our certification tasks and licensing procedures carried out under Output Class 3 (Certification and Licensing). Through targeted safety analysis undertaken under Output Class 4 (Surveillance and Investigation) and safety and regulatory investigations, we contribute to understanding the issues and influences of this focus area.
- **The helicopter sector** — The helicopter sector has a higher accident rate than other aviation sectors. Our work in this focus area draws on our educative services funded through Output Class 2 (Outreach). It also draws on our certification tasks and licensing procedures carried out under Output Class 3 (Certification and Licensing) and our safety and regulatory investigations conducted under Output Class 4 (Surveillance and Investigation).
- **Security threat levels and responses** — The aviation security environment is dynamic with the potential for high levels of ambiguity. The response to a potential, emerging or actual aviation security crisis requires timely and coordinated decision making and operational responses. The work conducted under Output Class 1 (Policy & Regulatory Strategy) helps us engage on the policy elements that enable us to influence this work while the deliverables under Smart Security and Output Class 5 support delivery.
- **International air cargo security** — The security of the international air transport system depends on a trusted air cargo security system. It underpins the flow of high value export cargo by air to international markets and is applied across all of our outputs.
- **Smart security** — Thinking smarter to improve security outcomes, enhanced passenger facilitation and optimised utilisation of equipment and staff. Our work in this focus area draws on our educative services funded through Output Class 2 (Outreach). We consider the achievement against performance measures in Output Class 5 (Security Service Delivery) as an indicator of our active management of this focus area.

Monitored/Maintained

The Authority is monitoring activities and the impacts of previous work programmes with the intent of de-emphasising the focus area in future.

- **Loss of control in flight** — where an aircraft loses control in flight due to human, mechanical or other reasons, leading to serious harm incidents/accidents. Our work in this focus area draws on our educative services funded through Output Class 2- Outreach and Output Class 3- Certification and Licensing.
- **Runway excursions** — where an aircraft departs the runway unexpectedly, a critical phase of flight, with a high risk of serious harm. Our work in this focus area draws on our educative services funded through Output Class 2- Outreach and Output Class 3- Certification and Licensing.
- **Queenstown operations** — Queenstown is an important tourist destination and aviation plays an important part in the “Queenstown experience”. Our work in this focus area draws on our educative services funded through Output Class 2- Outreach and Output Class 3- Certification and Licensing.

OUR OUTPUTS

Our outputs are:

Output Class 1: Policy & Regulatory Strategy – the delivery of policy and regulatory projects, international linkages and Ministerial services;

Output Class 2: Outreach – increased understanding and knowledge of aviation safety amongst participants and the public;

Output Class 3: Certification & Licensing – the robust assessment of participants and products as safe and fit to be participating in New Zealand’s civil aviation system;

Output Class 4: Surveillance & Investigation – the continued assurance that the civil aviation system in New Zealand is safe and secure; and

Output Class 5: Security Service Delivery – keeping passengers and people in the air and on the ground safe from an aviation security threat.



STAKEHOLDER ENGAGEMENT

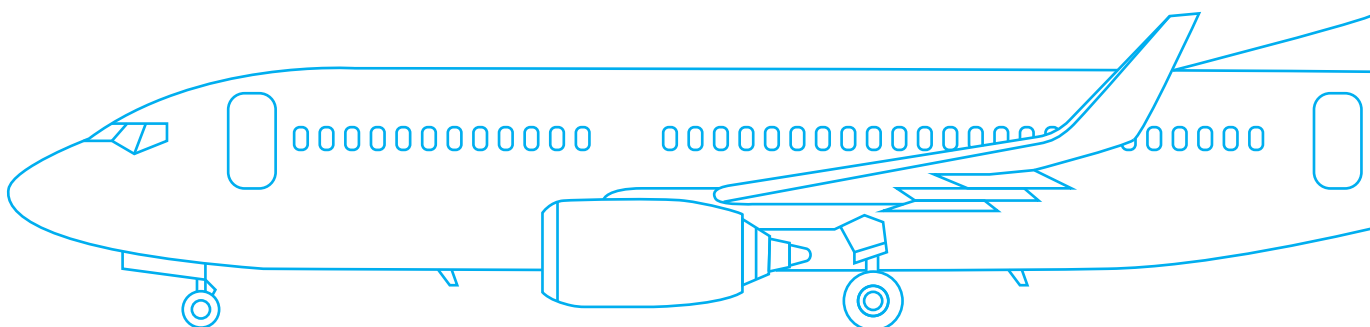
To be successful we recognise the importance of actively engaging with our stakeholders. We work with the Ministry of Transport and other transport agencies on regulatory stewardship and the rules programmes. We collaborate across local and central government to have the greatest impact possible, such as our work with the Ministry of Business, Innovation and Employment and the Privacy Commission on addressing challenges presented by the increasing use by the public of Unmanned Aerial Vehicles (drones).

We aim to provide an enabling environment for the New Zealand aviation sector. We do this by considering the impact on individuals within the civil aviation system from passengers through to participants, communities, businesses and the environment. An example is the programme of work we are leading in the coming year on the New Southern Sky Programme which is contributing to reducing carbon emissions.

In the coming year, we intend to continue our effective management of the increased pressures on aviation security resulting from growing passenger numbers and emerging international trends in challenges to security.

INTERNAL CAPABILITY AND CAPACITY

To ensure we have the right resources and approach, we are also focusing on the Authority to build capacity and capability and make efficient use of existing resources to achieve our objectives. The Authority's Regulatory Craft Programme (RCP) is about ensuring that the Authority has the required capability, tools and systems to be an effective intelligence-driven risk-based regulator. During 2017/18, the RCP scope was refined and work structured around core streams of work such as people and guidance. 2018/19 will focus on the delivery of that programme while our Security Service continues to position us to effectively respond to the challenges within the environment.



OUTPUT CLASS 1:

Policy & Regulatory Strategy

WHAT WE DO UNDER THIS OUTPUT CLASS THE AUTHORITY:

- Develops options and solutions for specific issues within the aviation regulatory system;
- Proactively identifies emerging issues for aviation;
- Delivers major policy and regulatory projects;
- Strategically coordinates Authority engagement in the international aviation system;
- Delivers Ministerial services – e.g. Parliamentary questions, briefings, responses to agencies Ministerials; and
- Develops and maintains linkages internally, across government, internationally and within industry.

1.1 International Relations and International Civil Aviation Organization Obligations

The Authority administers New Zealand's international civil aviation obligations and interests as delegated by the Minister of Transport. For example, coordinating New Zealand input into international conferences and meetings, managing the flow of incoming International Civil Aviation Organization (ICAO) state letters and coordination of technical aviation agreements with other countries.

What is intended to be achieved?

This category is intended to achieve administration of New Zealand's international civil aviation obligations and interests within the delegations of the Minister of Transport.

How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

Our positive reputation for safety and security reflected through ICAO ratings; technical agreements and international compliance directly contributes to our objectives "Improved sector safety performance" and "A vibrant aviation system". This contributes to reducing trade and market barriers.

HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2018 ESTIMATED ACTUAL	2019 ESTIMATE
Quality: International engagement is undertaken to contribute to the achievement of the Authority's statutory functions and objectives, and to fulfilling New Zealand's responsibilities as a member state of ICAO.	Achieved	Achieved
INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) COMPLIANCE:		
Timeliness: Respond to incoming ICAO State letters by due date as set by ICAO.	100%	100%
Maintain alignment with existing Standards and Recommended Practices (SARPs) and consider alignment of new SARPs (to determine whether to adopt by New Zealand).	Achieved	Achieved
Quality: ICAO's continuous monitoring of New Zealand maintains or improves New Zealand's effective implementation (EI) score.	Achieved	New Zealand's EI score the same or better than the previous score

1.2 Ministerial Servicing – Civil Aviation

What is intended to be achieved?

This category is intended to achieve the effective delivery of support to executive government and parliamentary processes.

How does this contribute to our objectives?

The effective and efficient delivery of Ministerial servicing provides the Government with support and confidence that the Authority is fulfilling its functions and meeting statutory obligations. This directly contributes to all three objectives in our strategic framework.



HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?

Quality:

Reports, correspondence and Parliamentary questions acceptable to the Minister (assessed by biannual survey) based on a scale of “exceeded expectations”, “met expectations” or “requires improvement”.

**2018
ESTIMATED
ACTUAL**

Met expectations

**2019
ESTIMATE**

Met or exceeded expectations

Quality and Timeliness:

Percentage of reports and responses that are delivered in accordance with prescribed standards and timeframes established by the Ministry of Transport in their correspondence tracking system.

100%

100%

1.3 Policy Advice – Civil Aviation

What is intended to be achieved?

This category is intended to achieve a high level of safety and security standards within the New Zealand civil aviation system.

How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

Through robust analysis, decision making, and advice, this output directly contributes to the objectives of “Improved sector safety performance” and “A vibrant aviation system”.

HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?

Quality:

Policy advice provided to Ministers, other government departments and agencies meets Treasury and DPMC guidelines (as per section 3.2 of “Reorganisation of Appropriations for Policy Advice – Guide for Departments (Treasury 2011) and DPMC policy guidance).

**2018
ESTIMATED
ACTUAL**

100%

**2019
ESTIMATE**

100%

Timeliness:

All policy advice provided to other government departments and agencies is delivered within the timeframes requested by those departments and agencies.

100%

100%

1.4 System Level Design and Intervention

What is intended to be achieved?

This category is intended to achieve an effective and efficient civil aviation system that is safe and secure while enabling innovation and market access.

How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

The proactive identification of emerging issues within the civil aviation environment allows us to develop minimum safety and security standards for aviation participants that directly contribute to all three of the objectives defined in the Authority's strategic framework.

	2018 ESTIMATED ACTUAL	2019 ESTIMATE
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HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?

Quality:

Emerging issues that directly impact on civil aviation are identified and prioritised for assessment – internationally, within the business environment, from the public arena and cross-government.

Achieved

Achieved

All new issue assessments that impact the aviation regulatory system completed according to the Authority's issue assessment procedures.

100%

100%

1.5 Rules and Standards Development

What is intended to be achieved?

This category is intended to achieve timely implementation of rules and standards that are fit for purpose in the New Zealand civil aviation environment and, where applicable, compliant with ICAO standards.

How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

A robust and fit for purpose regulatory structure directly contributes to all three of the objectives defined in the Authority's strategic framework.

	2018 ESTIMATED ACTUAL	2019 ESTIMATE
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HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?

Quality:

Number of rules under development agreed between the Authority and the Ministry of Transport.

10

6-10

Number of rules completed agreed between the Authority and the Ministry of Transport.

5

3-5

Quality & Timeliness:

Documentation provided to the Ministry of Transport that is accepted by the Ministry as meeting timeliness and quality standards established in the Ministry's "Regulatory Development and Rule Production Handbook" (the Handbook) and Treasury's "Guide to Cabinet's Impact Analysis Requirements".

New Measure

100%

1.6 Pacific Support

What is intended to be achieved?

This category is intended to provide support for our Pacific region neighbours to improve regional air safety and security.

How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

Our objectives of “improved sector safety performance” and “a vibrant aviation system” are demonstrated through our role as a regional leader and safety promoter to the Pacific States.

	2018 ESTIMATED ACTUAL	2019 ESTIMATE
HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?		
Quality:		
The provision of regulatory assistance and advice to eight Pacific Island Countries (PICs) to further develop and enhance aviation regulatory safety and security requirements across the South West Pacific region delivered in accordance with the objectives of the “Principal Aviation Regulatory Advisor (Pacific Islands)” project ¹ (1 July 2016 – 30 June 2019).	Achieved	Achieved
Assistance to PICs on improving aviation security requirements supports the PICs’ ability to achieve and maintain appropriate levels of compliance with national and international standards and recommended practices, in accordance with the objectives of the “Pacific Island Aviation Security Coordination” project ¹ (1 July 2018 – 30 June 2023) and the ‘screening systems procurement’ project (1 July 2018 – 30 June 2023).		
<ul style="list-style-type: none"> Percentage of Evaluation Reports provided to the Pacific Security Coordination Committee that meet the project objectives and deliverables. 	100%	100%



	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
COST TO DELIVER OUTPUT CLASS 1: POLICY & REGULATORY STRATEGY		
Crown Funding (Vote Transport: Policy Advice)	1,776	2,030
Ministry of Transport Contract Revenue (rules development & Pacific)	2,357	1,924
Levies	1,188	1,527
Fees and charges	4	-
Other Revenue	-	-
Total Output Revenue	5,325	5,481
Total Output Expenses	(5,325)	(5,481)
Net surplus/(deficit)	-	-

1 Project funded through the NZ Aid Program

OUTPUT CLASS 2:

Outreach

WHAT WE DO UNDER THIS OUTPUT CLASS THE AUTHORITY:

- Fosters and promotes safety and security across the civil aviation sector;
- Fosters and promotes health and safety at work within the bounds of the Authority designation; and
- Raises public awareness on transport of dangerous goods by air.

Outreach

What is intended to be achieved?

This category is intended to achieve increased understanding and knowledge of aviation safety amongst participants and the public.

How does this contribute to our objectives?

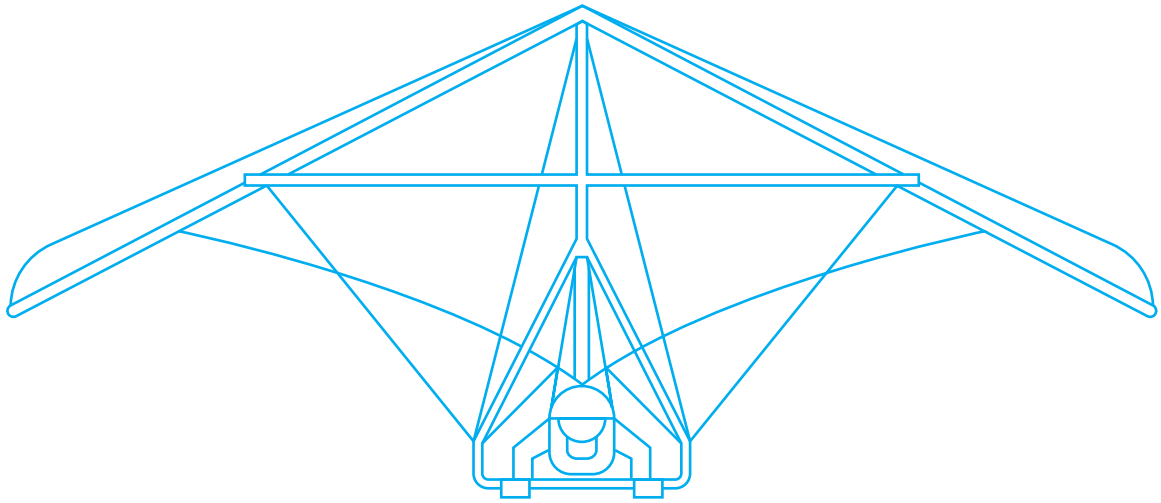
(as described in the strategic framework of the Authority on Page 22).

People have confidence and trust in the Authority's expertise and learn from the delivery of outreach programmes. This directly contributes to all three of our objectives defined in our strategic framework.

	2018 ESTIMATED ACTUAL	2019 ESTIMATE
HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?		
REPORTS AND PUBLICATIONS		
Quantity:		
Number of regular publications released including quarterly safety summary data reports, six-monthly aviation safety reports, and bi-monthly Vector magazines.	12	12
Number of other targeted publications.	10	8-12
Timeliness:		
Percentage of reports and publications that are produced in accordance with the Authority's procedures. ²	100%	100%
EDUCATION		
Quantity		
Number of educational units (seminars, workshops and courses) delivered to 30 June 2019.	20	20-30
Quality		
Percentage of educational units that are rated by participants as a 3 or higher ³ in their overall rating of the seminar and the benefit provided.	100%	100%

2 Aviation Safety Summary Report: 28-49-79 Aviation Safety Summary Report, Aviation Safety Report: 28-48-080 Aviation Safety Summary Report – Producing the six-monthly Aviation Safety Report Vector magazine: Authority Internal Procedure, Other publications in accordance with agreed process for delivery.

3 Based on a post-seminar assessment of the following two questions with a rating scale of 1 to 5: How have you benefited from the seminar? How would you rate the seminar overall?



	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
COST TO DELIVER OUTPUT CLASS 2: OUTREACH		
Levies	5,316	5,413
Fees and charges	-	-
Other Revenue	81	40
Total Output Revenue	5,397	5,453
Total Output Expenses	(5,381)	(5,618)
Net surplus/(deficit)	16	(165)



OUTPUT CLASS 3:

Certification & Licensing

WHAT WE DO UNDER THIS OUTPUT CLASS THE AUTHORITY:

- Exercises control over the entry into New Zealand's civil aviation system through the issuance or amendment of aviation documents and approvals to organisations, individuals and products; and
- Exercises control over the exit from New Zealand's civil aviation system through the suspension and revocation of documents.

Certification & Licensing

What is intended to be achieved?

This category is intended to achieve robust assessment of participants and products as safe and fit to participate in the New Zealand civil aviation system.

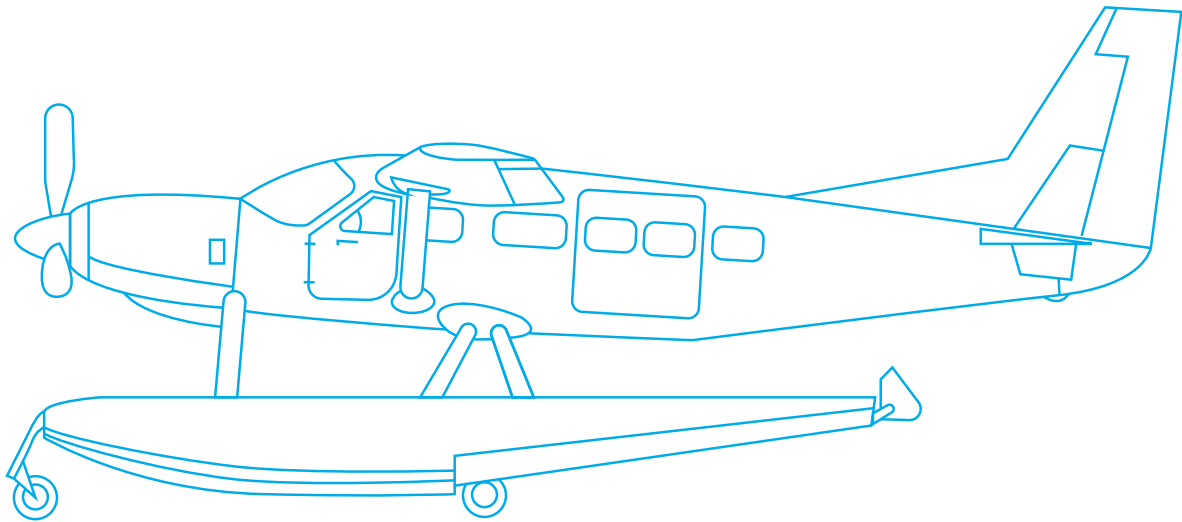
How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

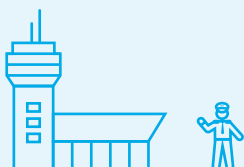
The robust assessment and certification of participants in the civil aviation system ensures we meet our objective of "improved sector safety performance".

HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2018 ESTIMATED ACTUAL	2019 ESTIMATE
REPORTS AND PUBLICATIONS		
Quantity:		
Number of certification tasks carried out (demand driven volumes provided for contextual information):		
• Organisation.	1,100	1,200-1,600
• Aircraft.	930	930-1,130
• Service providers.	50	35-45
Number of licensing procedures carried out	6,000	5,000-7,000
Quality and Effectiveness:		
Demonstration of continuous improvement of the regulatory function using the assessment of the Regulatory Oversight Review (ROR) programme with a focus on strengths/weaknesses and opportunities for improvement (based on a quarterly assessment of progress against the Regulatory Operating Review Policy ⁴).	Achieved	Achieved

4 The Regulatory Operating Review Policy includes three components of assessment, PDCA (plan, do, check, act reviews), Internal Assurance and Intervention Effectiveness and cross functional teaming. One, all, or a combination of the three components will be utilised each quarter to assess progress.



	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
COST TO DELIVER OUTPUT CLASS 3: CERTIFICATION & LICENSING		
Levies	17,482	18,243
Fees and charges	6,590	5,991
Other Revenue	365	177
Total Output Revenue	24,437	24,411
Total Output Expenses	(24,423)	(24,946)
Net surplus/(deficit)	14	(535)



OUTPUT CLASS 4:

Surveillance & Investigation

WHAT WE DO

UNDER THIS OUTPUT CLASS THE AUTHORITY:

- Monitors the adherence to safety and security standards by participants in the civil aviation system, including audits, inspections and investigations;
- Conducts inspections, audits and investigations under the Health and Safety at Work Act 2015;
- Assesses safety data and information to identify safety and security risks in order to inform and influence the management of risk; and
- Takes appropriate action in the public interest to enforce the provisions of the Act and Rules and to address safety risk.

Surveillance & Investigation

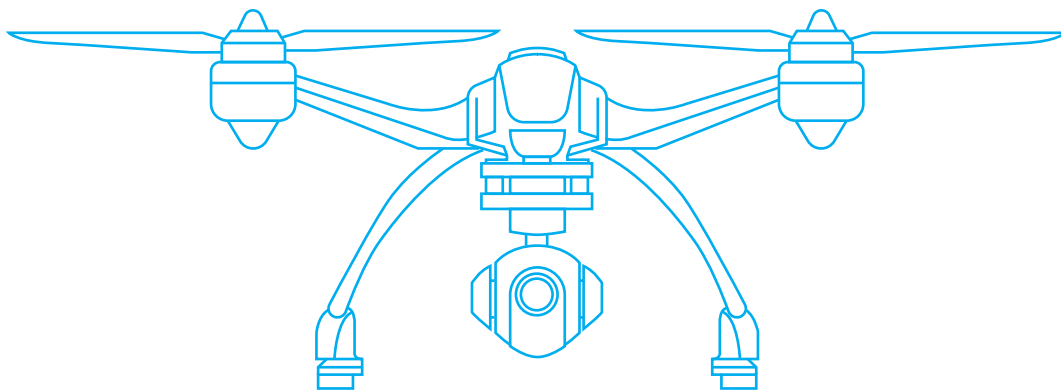
What is intended to be achieved?

This category is intended to achieve continued assurance that the civil aviation system in New Zealand is safe and secure.

How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

People have confidence in the safety and security of air transport as a result of the active monitoring, surveillance and investigations undertaken that address issues and risks that could result in a major occurrence. This ensures we meet our objectives of “improved sector safety performance” and “effective and efficient security services”.



	2018 ESTIMATED ACTUAL	2019 ESTIMATE
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HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?

HEALTH AND SAFETY AT WORK ACT 2015

Quantity

Number of health and safety at work investigations, audits, and inspections.	40	30-55
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Number of aviation-specific good practice guides and guidance material developed and maintained.	2	2-5
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Quality and Effectiveness:

Demonstration of continuous improvement of the regulatory function using the assessment of the Regulatory Oversight Review (ROR) programme with a focus on strengths/weaknesses and opportunities for improvement (based on a quarterly assessment of progress against the Regulatory Operating Review Policy ⁵).	Achieved	Achieved
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Timeliness:

Percentage of all health and safety work types ⁶ completed ⁷ within 6 months.	50%	60%
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Percentage of all health and safety work types ⁶ completed ⁷ within 12 months.	60%	100%
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HAZARDOUS SUBSTANCES AND NEW ORGANISMS (HSNO) AMENDMENT ACT 2015

Quality and Effectiveness:

Demonstration of continuous improvement of the regulatory function using the assessment of the Regulatory Oversight Review (ROR) programme with a focus on strengths/weaknesses and opportunities for improvement (based on a quarterly assessment of progress against the Regulatory Operating Review Policy ⁵).	New measure	Achieved
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Timeliness:

Percentage of all HSNO work types ⁶ completed ⁷ within 6 months.	New measure	60%
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Percentage of all HSNO work types ⁶ completed ⁷ within 12 months.	New measure	100%
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CIVIL AVIATION ACT 1990

Quantity:

Number of audits, inspections and spot checks.	500	500-600
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Number of safety and regulatory investigations:

• Safety Investigations (demand driven).	390	300-390
• Enforcement Investigations (demand driven).	40	20-40
• Aviation Related Concerns (ARC) Investigations (demand driven).	360	300-360
• 15A Investigations (demand driven).	10	5-10

Percentage of total occurrences ⁸ investigated or reviewed. (The aim of the safety Investigation team is to investigate all occurrences where a safety benefit would be derived).	New measure	5% of occurrences classified as Minor 40% of occurrences classified as Major 80% of occurrences classified as Critical
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5 The Regulatory Operating Review Policy includes three components of assessment, PDCA (plan, do, check, act reviews), Internal Assurance and Intervention effectiveness and cross functional teaming. One, all, or a combination of the three components will be utilised each quarter to assess progress.

6 All work types includes assessment and audits as well as investigations

7 A completed work type is when the recommendations/findings are made.

8 An occurrence is an incident or accident.

HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2018 ESTIMATED ACTUAL	2019 ESTIMATE
CIVIL AVIATION ACT 1990		
Number of Themes and Systems Safety Investigations conducted⁹	New measure	2
Number of hours spent on targeted safety analysis reporting by sector:		
• Airline Sector	1,500	1,200
• Helicopter and agricultural	1,200	1,200
• Other	1,200	1,200
Quality & Effectiveness:		
Demonstration of continuous improvement of the regulatory function using the assessment of the Regulatory Oversight Review (ROR) programme with a focus on strengths/weaknesses and opportunities for improvement (based on a quarterly assessment of progress against the Regulatory Operating Review Policy ¹⁰).	Achieved	Achieved
Quality & Timeliness		
Percentage of safety and regulatory investigations that are delivered to agreed standards and timelines.	100%	100%
Percentage of regulatory investigations independently assessed by a third party to ensure they are completed within 12 months and the recommendations made are reasonable in the circumstances having regard to the Regulatory Operating Model.	100%	100%
Percentage of Aviation Related Concern investigations completed within 6 months.	New measure	80%
Percentage of Aviation Related Concern investigations completed within 12 months.	New measure	100%

	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
COST TO DELIVER OUTPUT CLASS 4: SURVEILLANCE AND INVESTIGATION		
Crown Funding (Vote Transport: Health and Safety at Work)	1,274	1,706
Levies	9,395	10,263
Fees and charges	70	185
Other Revenue	163	344
Total Output Revenue	10,902	12,498
Total Output Expenses	(10,868)	(12,598)
Net surplus/(deficit)	34	(100)

9 A Themes and Systems Safety Investigation reviews safety information-including occurrences- with the aim of identifying any themes and/or system influences relative to those themes, which may lead to system safety issues.

10 The Regulatory Operating Review Policy includes three components of assessment, PDCA (plan, do, check, act reviews), Internal Assurance and Intervention effectiveness and cross functional teaming. One, all, or a combination of the three components will be utilised each quarter to assess progress.

OUTPUT CLASS 5:

Security Service Delivery

WHAT WE DO UNDER THIS OUTPUT CLASS THE AUTHORITY:

- Screens all passengers and their carry-on baggage at security designated airports;
- Screens all hold baggage on departing international flights and domestic flights of over 90 seats;
- Screens airport workers with access to enhanced security areas;
- Manages the issue of airport identity cards;
- Conducts perimeter patrols at security designated aerodromes and navigation facilities; and
- Maintains preparedness to provide a maritime security response role to a high level threat situation at the Port of Auckland affecting cruise ships or their passengers.

5.1 Screening Activity

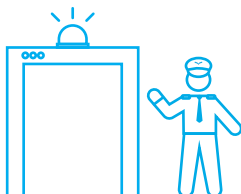
What is intended to be achieved?

This category is intended to achieve keeping passengers and people on the ground safe from a security threat.

How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

By meeting our objective of “effective and efficient security services” we ensure that threats are identified and associated risks are managed. Effective screening processes reduce the risk of aviation security incidents and ensure that international and domestic aviation security standards and regulatory requirements are met to the highest possible degree.



HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?	2018 ESTIMATED ACTUAL	2019 ESTIMATE
Quality and Timelessness:		
Number of flight delays attributable to screening activities (due to security system failure ¹¹).	13	Nil ¹¹
Average passenger wait times at international departure screening points for operational efficiency and customer satisfaction.	≤ 3 mins	≤ 3 mins
Average passenger wait times at domestic departure screening points for operational efficiency and customer satisfaction.	≤ 3 mins	≤ 3 mins
Number of verified unauthorised or prohibited items discovered post screening points (due to security system failure ¹²).	< 3.4 items per million screened	< 3.4 items per million screened
Number of verified dangerous goods discovered post screening points (due to security system failure ¹²).	< 3.4 items per million screened	< 3.4 items per million screened
Number of substantiated complaints by passengers against the Aviation Security Service.	No more than 1 per 250,000 passengers screened	No more than 1 per 250,000 passengers screened
Percentage of Explosives Detection Dog teams that respond to reactive calls ¹³ on or in the vicinity of the Tier 1 airport environs ¹⁴ deployed within five minutes.	90%	100%
Quantity:		
Percentage of passengers screened against an optimum screening capability of 270 persons per hour, per screening lane:		
• Metro-domestic airports (Auckland, Wellington, Christchurch).	> 67.5%	> 67.5%
• Metro international airports (Auckland, Wellington, Christchurch).	> 64%	> 64%
• Regional combined (domestic and international) airports (Queenstown and Dunedin).	> 57.5%	> 57.5%
Unproductive productivity percentage for staff undertaking rostered duties (rostering surplus ¹⁵).	> 12% rostering surplus	> 12% rostering surplus
Explosives Detection Dog teams undertake proactive patrols ¹⁶ in and around the Tier 1 airports within which they operate.	60,000	50,000-70,000

11 Systems failures on the part of the Authority include failure to detect a security threat item, equipment failure/malfunction which has the potential to compromise the security or safety of civil aviation.

12 The Regulatory Operating Review Policy includes three components of assessment, PDCA (plan, do, check, act reviews), Internal Assurance and Intervention effectiveness and cross functional teaming. One, all, or a combination of the three components will be utilised each quarter to assess progress.

13 Reactive calls are where Explosive Detection Dog teams are requested to attend, e.g., unattended bags, unattended vehicles, etc.

14 Excluding Dunedin.

15 Rostering surplus is the percentage of time that operational staff is deemed to be unproductive as a result of not being required to work on specific operational duties due to fluctuating peaks in demand. When the rostering system indicates <12% rostering surplus, this is a good indication that all staff are assigned to a duty and are linked to a flight schedule to inform resourcing decisions.

16 Proactive patrols are foot patrols conducted around the airport, both airside and landside, and includes, car parks, check in areas, food court, baggage makeup areas, duty free areas, airline lounges, gate lounges, pier areas, walkways, storage areas etc.

5.2 Audit Performance; Access Control; Maritime Security Services

What is intended to be achieved?

This category is intended to achieve compliance of security screening to the standards required for airside and maritime security.

How does this contribute to our objectives?

(as described in the strategic framework of the Authority on Page 22).

High standards maintained in the delivery of security services directly contribute to our objective of “effective and efficient security services”.

	2018 ESTIMATED ACTUAL	2019 ESTIMATE
HOW WILL WE ASSESS OUR SERVICE DELIVERY PERFORMANCE?		
Quality and Timelessness:		
Audit Performance: Percentage of any audit findings cleared within the specified timeframes.	100%	100%
Audit Performance: Number of corrective action requests issued pertaining to screening functions issued by the Regulator during any programmed audit.	Nil	Nil
Access Control: Number of corrective action requests pertaining to access control issued by the Regulator.	2	Nil
Maritime Security Services: Number of major findings from annual audit review of the readiness/provision of Maritime Security Support.	Nil	Nil
Customer Complaints: Percentage of customer complaints cleared within 28 days.	100%	100%



	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
COST TO DELIVER OUTPUT CLASS 5: SECURITY SERVICE FUNCTION		
Contracted services ¹⁷	3,539	3,464
Passenger security charges	95,858	99,630
Crown funding – Maritime Security Service	145	145
Other Revenue	1,073	1,059
Total Output Revenue	100,615	104,298
Total Output Expenses	(99,646)	(111,275)
Net surplus/(deficit)	969	(6,977)

17 Third party contracted services include ‘Cargo’ and ‘Gatehouse’

Outcome

Safe and secure skies to help New Zealand fly

Our impacts

Feeling safe

Being safe

Our objectives



Effective and efficient security services



A vibrant aviation system



Improved sector safety performance

Safety and security focus areas*

Our outputs

Policy and regulatory strategy

Outreach

Certification and licensing

Surveillance and investigation

Security service delivery

1

Building effectiveness and resilience by design

2

Utilising new processes/ systems/ technologies to enable efficient and effective performance of functions

3

Prioritising aviation system risk by being intelligence driven and risk-based

4

Business efficiency by design

5

Customer/ participant centric engagement, interaction and service delivery

6

Targeted engagement to influence the environment in which we operate

The way we work

The way we work

People

+

Information technology

+

Financials

SECTION

2

Prospective financial statements



PROSPECTIVE FINANCIAL INDICATORS

For the Years Ended 30 June

	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
REGULATORY FUNCTION		
Revenue	46,061	47,843
Output Expense	45,997	48,643
Net surplus/(deficit)	64	(800)
Bank and Investment balances	9,352	4,607
Net assets	11,255	10,455
Capital Expenditure	1,514	4,243
SECURITY SERVICE FUNCTION		
Revenue	100,615	104,298
Output Expense	99,646	111,275
Net surplus/(deficit)	969	(6,977)
Bank and Investment balances	24,102	12,928
Net assets	29,927	22,952
Capital Expenditure	5,150	7,347
CIVIL AVIATION AUTHORITY¹⁸		
Revenue	146,429	151,894
Output Expense	145,396	159,671
Net surplus/(deficit)	1,033	(7,777)
Bank and Investment balances	33,454	17,535
Net assets	41,182	33,407
Capital Expenditure	6,664	11,590

The accompanying statement of accounting policies forms part of these prospective financial statements.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Years Ended 30 June

	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
REVENUE		
Levies revenue	33,382	35,446
Passenger security charges	95,858	99,630
Revenue from other services	10,183	9,621
Crown funding revenue	3,195	3,881
Ministry contract revenue	2,357	1,924
Interest and other revenue	1,454	1,392
Total revenue	146,429	151,894
EXPENSE		
Personnel costs	114,290	124,889
Other costs of services	26,652	29,940
Audit fees for financial statements	119	122
Finance costs	141	177
Depreciation and amortisation expense	4,045	4,394
Authority member costs	149	149
Total expense	145,396	159,671
Net Surplus/(Deficit)	1,033	(7,777)
Total other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	1,033	(7,777)

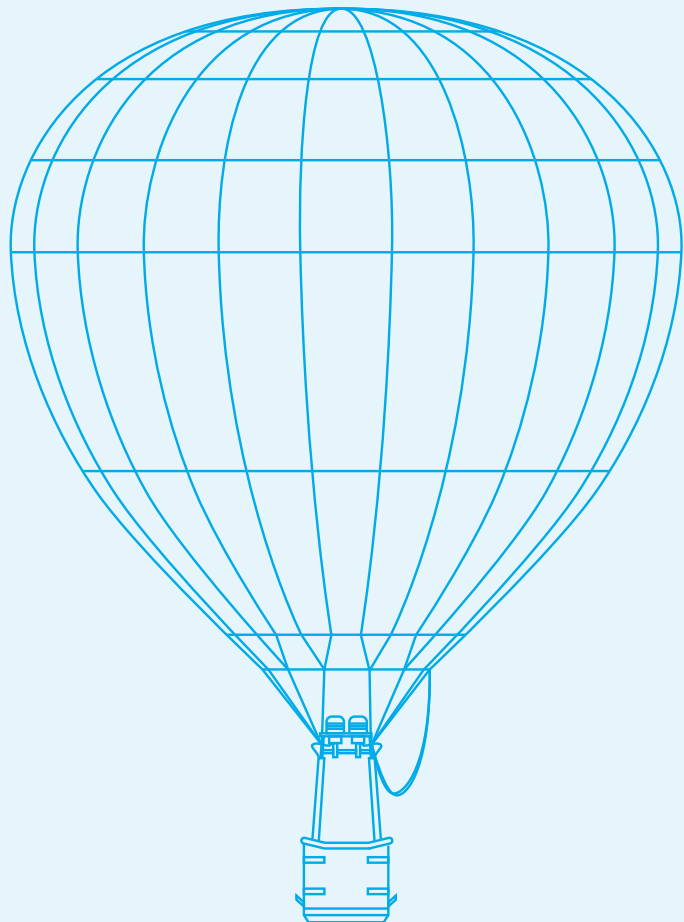
The accompanying statement of accounting policies forms part of these prospective financial statements.

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

For the Years Ended 30 June

	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
EQUITY		
OPENING BALANCE OF EQUITY AT 1 JULY		
General funds	25,468	25,591
Property, plant and equipment revaluation reserve	746	746
Passenger security charges and other fees and charges reserves	13,935	14,845
Total opening balance of equity at 1 July	40,149	41,182
Total comprehensive revenue and expense	1,033	(7,777)
Transfers to/(from) passenger security charges and other fees and charges reserves	910	(6,629)
Transfers to/(from) general funds	(910)	6,629
Total changes in equity during the year	1,033	(7,777)
CLOSING BALANCE OF EQUITY AT 30 JUNE		
General funds	25,591	25,191
Property, plant and equipment revaluation reserve	746	-
Passenger security charges and other fees and charges reserves	14,845	8,216
Total closing balance of equity at 30 June	41,182	33,407

The accompanying statement of accounting policies forms part of these prospective financial statements.



PROSPECTIVE STATEMENT OF FINANCIAL POSITION

For the Years Ended 30 June

	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
CURRENT ASSETS		
Cash and cash equivalents	4,954	3,035
Debtors and other receivables	13,576	14,210
Services work in progress	178	178
Investments – term deposits	22,500	14,500
Investment Property	20	-
Total Current Assets	41,228	31,923
NON-CURRENT ASSETS		
Property, plant and equipment	17,858	21,149
Intangible assets	1,375	5,585
Investments- term deposits	6,000	-
Total Non-Current Assets	25,233	26,734
Total Assets	66,461	58,657
CURRENT LIABILITIES		
Creditors and other payables	5,666	5,595
Employee entitlements	11,608	11,781
Provisions	145	145
Total Current Liabilities	17,419	17,521
NON-CURRENT LIABILITIES		
Employee entitlements	6,951	6,951
Provisions	909	778
Total Non-Current Liabilities	7,860	7,729
Total Liabilities	25,279	25,250
NET ASSETS	41,182	33,407
EQUITY		
General funds	25,591	25,191
Property, plant and equipment revaluation reserve	746	-
Passenger security charges and other fees and charges reserves	14,845	8,216
Total Equity	41,182	33,407

The accompanying statement of accounting policies forms part of these prospective financial statements.

PROSPECTIVE STATEMENT OF CASH FLOWS

For the Years Ended 30 June

	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
CASH FLOWS FROM OPERATING ACTIVITIES. CASH WAS PROVIDED FROM:		
Receipts from levies	33,561	34,409
Receipts from Passenger security charges and other services	106,197	110,147
Receipts from Crown funding and Ministry contracts	5,551	5,805
Interest received	1,041	924
Receipts from other revenue	906	855
Total	147,256	152,140
CASH WAS APPLIED TO:		
Payments to employees	(107,175)	(119,770)
Payments to suppliers	(35,401)	(36,401)
Interest paid	-	-
Goods and Services Tax	(223)	(298)
Total	(142,799)	(156,469)
Net Cash Flows from Operating Activities	4,457	(4,329)
CASH FLOWS FROM INVESTING ACTIVITIES. CASH WAS PROVIDED FROM:		
Maturity of investments	-	14,000
Total	-	14,000
CASH WAS APPLIED TO:		
Placement of investments	(4,000)	-
Purchase of property, plant and equipment	(5,582)	(6,898)
Purchase of intangible assets	(1,082)	(4,692)
Total	(10,664)	(11,590)
Net Cash Flows from Investing Activities	(10,664)	2,410
CASH FLOWS FROM FINANCING ACTIVITIES. CASH WAS PROVIDED FROM:		
Capital contributions from the Crown	-	-
Proceeds from external borrowings	-	-
Total	-	-
CASH WAS APPLIED TO:		
Repayment of external borrowings	-	-
Total	-	-
Net Cash Flows from Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	(6,207)	(1,919)
Opening Cash And Cash Equivalents At 1 July	11,161	4,954
Closing Cash And Cash Equivalents At 30 June	4,954	3,035

The accompanying statement of accounting policies forms part of these prospective financial statements.

SECTION

3

Notes to the prospective financial statements



Statement of Significant Underlying Assumptions

The prospective financial statements have been prepared in accordance with the Crown Entities Act 2004. They comprise:

- the combined prospective financial statements for both the Regulatory Function and the Security Service Function of the Civil Aviation Authority (the Authority); and
- separate prospective financial statements for each of the Regulatory Function and the Security Service Function of the Authority.

This is in accordance with the Civil Aviation Act 1990 and the Civil Aviation Charges Amendment Regulations 2002, which require the Authority to maintain separate accounting records for each of the Regulatory Function and the Security Service Function of the Authority.

There are a number of significant decisions made or events that occurred in the 2017/18 financial year that have had a significant impact on these prospective financial statements:

For the Regulatory Function this includes:

- Business System Replacement – a decision was taken to provide \$8.2 million for a multi-year investment in the replacement of its core regulatory business system - the Aviation Safety Management Systems (ASMS). This provision comprises \$7.9 million of capital expenditure and \$0.3 million of operational expenditure, of which \$3.2 million of capital and \$0.1 million of operational expenditure is budgeted in the 2018/19 financial year.
- Regulatory Triennial Funding Review – on 1 July 2017 the Regulatory Function's Triennial Funding review came into effect. This introduced a number of changes including:
 - the removal of the hourly charge from routine audits and inspections
 - new activity-based operations safety levies for air transport and commercial transport operators have been phased in over two years, with the 2018/19 year being the first year that the full rates will be

applied

- reduction of the medical application fee (from \$272.17 to \$105.00 (GST excl.))
- equalisation of the domestic and international passenger safety levy to a common value of \$1.60 (GST excl.)
- suspension of the participation levy for out-of-service aircraft.
- Additional Crown funding has been approved for two years from 1 July 2018 to support the Regulatory Function discharge additional responsibilities under the Hazardous Substances and New Organisms Amendment Act 2015 that came into effect on 1 December 2017, and to support the certification work of innovative unmanned aerial vehicles.

For the Security Service Function this includes:

- Funding Review – a three-yearly review of the Security Service Function's passenger security charges and fees has commenced. This will be subject to a public consultation process with Cabinet expected to make decisions during the 2018/19 financial year, with any changes to pricing unknown, but with a planned implementation date of 1 July 2019.
- Significant on-going investment in continuous improvement activity, required by the Director of Civil Aviation in response to changes in the wider international security environment, that have required an increase in both staff numbers and technologies.

Consistent with the legislative framework, the following significant assumptions have been applied in preparing the prospective financial statements for the Authority.

PROJECTED PASSENGER NUMBERS

Forecasting revenue from safety levies and security charges based on domestic and international passenger volumes remains problematic. This is due to the competitiveness and commercial confidentiality surrounding airlines



planned activity and projected passenger numbers, and the impacts external factors such as economic events and natural disasters can have, in terms of market responses by operators and consumer behaviour.

PASSENGER NUMBERS	2017/18 ESTIMATED ACTUAL '000	2018/19 BUDGET '000
Safety levies: Domestic	13,399	13,984
Security charges: Domestic	7,390	7,656
Safety levy and Security charges: International	6,726	7,008

A 1% movement in domestic and international passenger volumes would have an estimated impact on projected revenues depicted in the table below

REVENUE	2017/18 ESTIMATED ACTUAL \$'000	2018/19 BUDGET \$'000
Domestic Passenger Safety levy charges ¹⁹	214	221
Domestic Passenger Security charges	373	387
International Passenger Safety levy charges	108	112
International Passenger Security charges	585	610

¹⁹ Assuming 1% variance at budgeted ANZA/non-ANZA proportions

The Security Service Function's domestic passenger security charges are based upon departing passengers carried on jet aircraft with 90 or more passengers on each domestic

sector. The Regulatory Function's passenger safety levy is based upon departing passengers carried on each domestic sector by all airlines carrying greater than 20,000 passengers per annum.

Revenues have been estimated based on the following projections of passenger volumes:

- Volumes of passengers departing on international flights are predicted to increase by 4.2% over the 2017/18 estimated actual to 7.0 million in 2018/19, reflecting strong volume increases in Auckland and strong percentage growth in Queenstown.
- The Security Service Function's screened domestic passenger volumes are forecast to increase by 3.6% over the 2017/18 estimated actual to 7.7 million in 2018/19. This is reflective of strong growth in volumes in Auckland and strong percentage growth in Queenstown.
- The total number of passengers departing on domestic flights is forecast to increase by 3.6% over the 2017/18 estimated actual to 14.0 million in 2018/19.

Other significant assumptions for the 2018/19 Statement of Performance Expectations are:

- No new large airline will enter or exit the New Zealand market.
- There will be no additional airports requiring the introduction of security screening services. Security screening operations will be provided at Auckland, Wellington, Christchurch, Dunedin and Queenstown.

REGULATORY FUNCTION

Levy revenue

Revenue from safety levies are collected on the total number of passengers departing on domestic and international flights and have been estimated based on the projections in the tables on page 31.

The 2018/19 budget has been set based on the Civil Aviation (Safety) Levies Order 2002 using the current

regulated safety levy of \$1.60 for both international and domestic passenger (GST exclusive). Airlines operating domestically under Australia-New Zealand Aviation (ANZA) privileges pay a domestic passenger levy of \$1.57 (GST exclusive).

New operations safety levies were introduced from 1 July 2017 that apply to commercial aviation operations i.e. agricultural, adventure, freight-only and those that carry fewer than 20,000 passengers per annum. The new levies were phased in over two years, with the 2018/19 year being the first year that will have the full rates applied (rates were reduced by 50% in 2017/18).

Fees and charges revenue

The revenue for fees and charges are based on the Civil Aviation Charges Regulations (No2) 1991 Amendment Regulation 2012 with the pricing structure reflecting the size of the industry and the income recoverable from regulatory interventions.

Crown funding revenue

Revenue appropriated by the Crown includes an additional \$0.8 million per year (for two years from 1 July 2018) to enable the Regulatory Function to discharge its additional responsibilities that arise from the Hazardous Substances and New Organisms (HSNO) Amendments Act 2015, and to deliver additional certification work of innovative unmanned aerial vehicles to support the introduction of new transport technologies.

Personnel costs

The 2018/19 budget has been prepared on a Regulatory Function staff establishment of 274.5 full-time equivalent positions.

The budgeted personnel costs include provision for performance related increases and to assist with attracting and retaining key staff.

Operating surpluses/deficits

It is intended that the projected deficit in 2018/19 shown in the Prospective Statement of Comprehensive Revenue and Expense on page 25 will be incurred to fund both capability projects and the Regulatory's Function's ongoing investment in the New Southern Skies Program, and will reduce accumulated reserves.

Reserves

In July 2017, the Board approved an updated Reserves and Funding policy for both of the Authority's functions. This policy defines minimum and maximum levels of working capital cash reserves to manage short term operational requirements and to provide an initial response if operational activity had to change. For the Regulatory Function, this range is 75% of 6 to 9 weeks of standard operating expenditure. The Regulatory Function's reserves are projected to remain in compliance with this policy for the 2018/19 financial year.

SECURITY SERVICE FUNCTION

Passenger security charges

Passenger security charges have been estimated based on the projections of security screened domestic and international passenger volumes stated in the tables on page 31.

The 2018/19 budget has been set based on the Civil Aviation Charges Regulations (No 2) 1991 using the current regulated passenger security charges of \$5.05 (GST exclusive) for domestic passengers and \$8.70 (GST exclusive) for international passengers.

Contracted services revenue

The Security Service Function receives revenue from security services work provided to third parties. Revenue from these services is assumed to be consistent in 2018/19 with that received in 2017/18.

Personnel costs

The 2017/18 budget has been prepared on a Security Service Function average establishment of 991 full-time equivalent positions.

Operating surpluses/deficits

It is intended that the projected deficit in the 2018/19 financial year shown in the Prospective Statement of Comprehensive Revenue and Expense on page 25 will decrease accumulated reserves.

Reserves

For the Security Service Function, the range of its working capital cash reserves under the Authority's new Reserves and Funding policy is 6 to 9 weeks of standard operating expenditure. The Security Service Function's reserves are projected to reduce below the minimum level of this range during the 2018/19 financial year due to the significant investments being made into continuous improvement activity. This is in response to changes required by the Director of Civil Aviation relating to changes in the wider international security environment.

The lower level of reserves is planned to be addressed through the three-yearly review of the Security Service Function's passenger security charges and fees. It is expected that, subject to the decisions of the Minister of Transport and Cabinet, future changes to pricing arising from the Funding Review that is currently underway will come into effect from 1 July 2019 and will restore reserves back within policy parameters.



Statement of accounting policies

REPORTING ENTITY

The Authority is government-owned and was established in New Zealand under the Civil Aviation Act 1990 as a Crown Entity on 10 August 1992, and is domiciled in New Zealand. As a Crown Entity, the Authority is also subject to the provisions of the Crown Entities Act 2004. The Authority has a responsibility to work towards the development and delivery of achieving an integrated, safe, responsive and sustainable civil aviation system.

To fulfil these statutory responsibilities, the Authority comprises the Aviation Safety and Regulatory Function of the Authority and the Aviation Security Service.

As the Authority's primary objective is to provide services for social benefit rather than for the purpose of making a financial return, the Authority has designated itself as a public benefit entity for financial reporting under New Zealand equivalents to International Public Sector Accounting Standards.

BASIS OF PREPARATION

The prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Civil Aviation Act 1990, which includes the requirement to comply with the New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements comply with NZ FRS 42 and Public Benefit Entity (PBE) accounting standards.

The prospective financial statements will not be further updated subsequent to publication.

The prospective financial statements contain information that may not be appropriate for purposes other than those described in the Board Statement on the inside cover.

MEASUREMENT BASIS

The prospective financial statements have been prepared on an historical cost basis, except where modified by the revaluation of certain items of property, plant and equipment, and the measurement of any derivative financial instruments at fair value.

With the exception of cash flow information which has been prepared on a cash basis, the prospective financial statements have been prepared on the basis of accrual accounting.

FUNCTIONAL AND PRESENTATION CURRENCY

The functional and presentation currency is New Zealand dollars. All values are rounded to the nearest thousand dollars (\$000).

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

REVENUE

The Authority earns revenue from:

- regulated levies and charges on airlines based on departing international passenger volumes and domestic sectors travelled by passengers;
- fees and charges for regulatory and aviation safety functions and security activities;
- interest revenue;
- Crown funding through Vote Transport; and
- Ministry contracts (Ministry of Transport for aviation rules development and Ministry of Foreign Affairs and Trade for Pacific Security Fund activity).

Revenue is measured at the fair value of the consideration received or receivable.

Section 72 of the Civil Aviation Act 1990, prevents the Authority from applying revenue from levies, fees and charges made by one part of the entity to the activities of the other part of the entity.

PROVISION OF FEE-BASED SERVICES

Revenue derived from the Authority's provision of safety and regulatory services is recognised in the Prospective Statement of Comprehensive Revenue and Expense in the period that the services have been rendered, in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the time spent on the work to date and the estimated time to completion.

INTEREST

Interest revenue is recognised using the effective interest method.

CROWN FUNDING AND MINISTRY CONTRACTS

Revenue provided by the Crown and revenue earned under Ministry contracts is recognised in the Prospective Statement of Comprehensive Revenue and Expense in the period in which the Authority provides the funded programmes.

GOODS AND SERVICES TAX

All items in the prospective financial statements are presented exclusive of Goods and Services Tax (GST), except receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable, it is recognised as part of the related asset or expense.

Net GST receivable or payable at balance date is included in receivables or payables in the Prospective Statement of Financial Position as appropriate. Commitments and contingencies are disclosed exclusive of GST.

The net GST paid, or received, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Prospective Statement of Cash Flows.

INCOME TAX

The Authority is a Public Authority in terms of the Income Tax Act 2004 and is consequently exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

PAYMENT OF ANY SURPLUS TO THE CROWN

Section 165 of the Crown Entities Act 2004 provides the Minister of Finance with discretion to require Crown Entities to return annual and accumulated operating surpluses to the Crown, unless exempted in Schedule 1. The Authority is so exempted. However, section 72CA of the Civil Aviation Act 1990 specifically provides that the Aviation Security Service surplus funds are subject to a similar requirement by the Minister of Finance.

DERIVATIVE FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

[Financial instruments measured at fair value through profit or loss – comprising forward exchange contract derivatives](#)

Financial instruments in this category comprise those either held for trading or designated at fair value through profit or loss at inception. Under New Zealand equivalents to International Public Sector Accounting Standards, those derivatives not designated as hedge accounting instruments are classified as held for trading instruments irrespective of the purpose for which they have been entered into. The Authority enters into forward exchange contract derivatives from time to time solely to mitigate currency risks associated with its operational activities.

Forward exchange contract derivatives are recognised in the Prospective Statement of Financial Position at their fair value. Realised and unrealised gains and losses arising from changes in fair value or upon settlement are recognised in the Prospective Statement of Comprehensive Revenue and Expense in the period in which they arise.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of foreign currency monetary assets and liabilities, are recognised in the Prospective Statement of Comprehensive Revenue and Expense.

OTHER FINANCIAL ASSETS

Financial assets are initially recognised at fair value. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all the risks and rewards of ownership.

Loans and receivables financial assets – comprising cash and cash equivalents, debtors and other receivables

Loans and receivables financial assets are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. After initial recognition, loans and receivables financial assets are carried at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost – comprising creditors and other payables, finance lease liabilities

After initial recognition, financial liabilities measured at amortised cost are carried at amortised cost using the effective interest method.

IMPAIRMENT OF FINANCIAL ASSETS

Financial instruments are regularly reviewed for objective evidence of impairment. Both provisioned and non-provisioned bad debts are written-off when recovery actions have been unsuccessful and when the likelihood of recovery is considered remote.

LEASES

Operating leases

The Authority leases office premises and office equipment. As substantially all the risks and rewards incidental to ownership of the asset are retained by the lessor, these leases are classified as operating leases. Operating lease payments are recognised in the Prospective Statement of Comprehensive Revenue and Expense as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments, with original maturities of three months or less. Cash is measured at its face value.

SERVICE'S WORK IN PROGRESS

The Authority carries services work in progress that includes costs incurred in the partial completion of certification and audit engagements.

The Authority's services work in progress is measured at the lower of the costs incurred to date for the specific work being undertaken, and net realisable value. The estimated net realisable value is based on the contracted service price.

Any write-down from cost to net realisable value for services work in progress in the provision of services is recognised in the Prospective Statement of Comprehensive Revenue and Expense when the write-down occurs.

INVESTMENTS

At each balance date the Authority assesses whether there is any objective evidence that an investment is impaired.

BANK DEPOSITS

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments are measured at amortised cost using the effective interest method. For bank deposits, impairment is established when there is objective evidence that the Authority will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered factors that the deposit is impaired.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment assets are carried at cost or fair value less any accumulated depreciation and impairment losses.

ACCOUNTING FOR REVALUATIONS

The Authority accounts for the revaluation of property, plant and equipment on a class of assets basis. The results of revaluation are recorded in the appropriate asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Prospective Statement of Comprehensive Revenue and Expense. Any subsequent increase in the revaluation that offsets a previous decrease in value recognised in the Prospective Statement of Comprehensive Revenue and Expense will be recognised first in the Prospective Statement of Comprehensive Revenue Expense up to the amount previously expensed, and then credited to the revaluation reserve for the asset class.

ADDITIONS

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. The minimum cost value for a purchase to be classified as a property, plant and equipment asset is \$2,000.

DISPOSALS

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the Prospective Statement of Comprehensive Revenue and Expense. When re-valued assets are sold, the amounts included in revaluation reserves in respect of these assets are transferred to general funds.

SUBSEQUENT COSTS

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the Prospective Statement of Comprehensive Revenue and Expense as they are incurred.

DEPRECIATION

Depreciation is provided for on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings (including components)	10-24 years	10%-4%
Leasehold improvements	Remaining life of lease	
Furniture and fittings	10 years	10%
Plant and equipment	5-10 years	20%-10%
Office equipment	5 years	20%
Motor vehicles	4-5 years	25%-20%
Computer equipment	3-4 years	33%-25%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses and databases are capitalised on the basis of the costs incurred to acquire and bring these to use.

Costs incurred by the Authority for the development of software for internal use, other than for the development of software associated with websites, are recognised as an intangible asset where the asset meets the criteria for recognition. Costs recognised include the software development, employee costs and any other directly attributable costs.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software, staff training, and with the development and maintenance of websites, are expensed when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the Prospective Statement of Comprehensive Revenue and Expense.

The useful lives and associated amortisation rates of major classes of intangible asset have been estimated as follows:

Acquired computer software	3-5 years	33%-20%
Developed computer software	3-5 years	33%-20%

Impairment of property, plant and equipment and intangibles

The Authority does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

NON-CASH GENERATING ASSETS

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for indicators of impairment at each financial reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset is impaired, its carrying amount is written down to the recoverable amount. For assets carried at historical cost the total impairment loss and any subsequent reversals of impairment are recognised in the Prospective Statement of Comprehensive Revenue and Expense.

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or capital appreciation. Property held to meet service delivery objectives is classified as property, plant and equipment.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in fair value of investment property are recognised in the Prospective Statement of Comprehensive Revenue and Expense.

BORROWINGS

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after the balance date, or if the borrowings are expected to be settled within 12 months of the balance date.

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee entitlements that the Authority expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

The Authority recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months are calculated on an actuarial basis by independent consulting actuaries. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for Government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Post-employment entitlements

Superannuation schemes: Obligations for the Authority's contributions to KiwiSaver, Government Superannuation Fund, and National Provident Fund are accounted for as contributions to a defined-contribution superannuation scheme and are recognised as an expense in the Prospective Statement of Comprehensive Revenue and Expense.

PROVISIONS

The Authority recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the obligation.

EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified in to the following components:

- General Funds
- Property plant and equipment revaluation reserve
- Passenger security charges and other fees and charges reserves
- Passenger safety reserves

PROPERTY REVALUATION RESERVE

This reserve relates to the revaluation of property, plant and equipment to fair value.

PASSENGER SECURITY RESERVE

This reserve relates to the accumulated surpluses/deficits arising from the recovery of costs relating to passenger security activities.

PASSENGER SAFETY RESERVE

This reserve relates to the accumulated surpluses/deficits arising from the different funding sources relating to safety and regulatory activities.

OUTPUT COSTING

Criteria for direct and indirect costs

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

Indirect costs for the Aviation Safety and Regulatory Function, including indirect depreciation, are charged on the basis of full time equivalent staff members attributable to an output.

Indirect personnel, property, occupancy and certain other indirect costs for the Aviation Security Service are charged on the basis of budgeted staff hours attributable to an output. Depreciation and capital charges are charged on the basis of asset utilisation.

The allocation of indirect costs to activities funded by way of a non-regulated charge will depend on the commercial basis on which the services are priced.

CRITERIA FOR APPORTIONING SUPPORT SERVICES COSTS

The delivery of shared support services for both the Aviation Safety and Regulatory Function and the Aviation Security Service was established from 7 November 2011. The costs arising in each shared services group (Business Development and Services, and Legal Services) are apportioned to the two operational arms by applying an allocation methodology which reflects the underlying key business drivers. These business drivers are reviewed on a regular basis to ensure that both Aviation Safety and Regulatory Function and Aviation Security Service bear an equitable share of the costs of providing shared services.

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

In preparing the prospective financial statements the Authority has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results and the variations may be material. Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events, rather than actually occurring events or transactions, which are believed to be reasonable under the circumstances.

There are no critical accounting estimates and assumptions that will cause material adjustments to the carrying amounts of assets and liabilities within the financial year.

SECTION

4

Additional prospective financial statements



PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Years Ended 30 June

	REGULATORY FUNCTION		SECURITY SERVICE FUNCTION		CIVIL AVIATION AUTHORITY ²⁰	
	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
REVENUE						
Levies revenue	33,382	35,446	-	-	33,382	35,446
Passenger security charges	-	-	95,858	99,630	95,858	99,630
Revenue from other services	6,664	6,177	3,539	3,464	10,183	9,621
Crown funding revenue	3,050	3,736	145	145	3,195	3,881
Ministry contract revenue	2,357	1,924	-	-	2,357	1,924
Interest and other revenue	608	560	1,073	1,059	1,454	1,392
Total	46,061	47,843	100,615	104,298	146,429	151,894
EXPENSE						
Personnel costs	36,154	38,585	78,136	86,304	114,290	124,889
Other costs of services	8,813	8,926	18,086	21,261	26,652	29,940
Audit fees for financial statements	119	122	-	-	119	122
Finance costs	10	10	131	167	141	177
Depreciation and amortisation expense	752	851	3,293	3,543	4,045	4,394
Authority member costs	149	149	-	-	149	149
Total Expenses	45,997	48,643	99,646	111,275	145,396	159,671
Net Surplus/(Deficit)	64	(800)	969	(6,977)	1,033	(7,777)
Total other comprehensive revenue and expense	-	-	-	-	-	-
Total comprehensive revenue and expense	64	(800)	969	(6,977)	1,033	(7,777)

The accompanying statement of accounting policies forms part of these prospective financial statements.

²⁰ The consolidation is net of the elimination of transactions between the Regulatory Function and the Security Services Function.

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

For the Years Ended 30 June

	REGULATORY FUNCTION		SECURITY SERVICE FUNCTION		CIVIL AVIATION AUTHORITY	
	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
EQUITY. OPENING BALANCE OF EQUITY AT 1 JULY						
General funds	11,191	11,255	14,277	14,336	25,468	25,591
Property, plant and equipment revaluation reserve	-	-	746	746	746	746
Passenger security charges and other fees and charges reserves	-	-	13,935	14,845	13,935	14,845
Total opening balance of equity at 1 July	11,191	11,255	28,958	29,927	40,149	41,182
Total comprehensive revenue and expense	64	(800)	969	(6,977)	1,033	(7,777)
Transfers to/(from) passenger security charges and other fees and charges reserves	-	-	910	(6,629)	910	(6,629)
Transfers to/(from) general funds	-	-	(910)	6,629	(910)	6,629
Total changes in equity during the year	64	(800)	969	(6,977)	1,033	(7,777)
CLOSING BALANCE OF TAXPAYERS' EQUITY AT 30 JUNE						
General funds	11,255	10,455	14,336	14,736	25,591	25,191
Property, plant and equipment revaluation reserve	-	-	746	-	746	-
Passenger security charges and other fees and charges reserves	-	-	14,845	8,216	14,845	8,216
Total closing balance of taxpayers' equity at 30 June	11,255	10,455	29,927	22,952	41,182	33,407

The accompanying statement of accounting policies forms part of these prospective financial statements.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

As at 30 June

	REGULATORY FUNCTION		SECURITY SERVICE FUNCTION		CIVIL AVIATION AUTHORITY	
	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
CURRENT ASSETS						
Cash and cash equivalents	852	1,107	4,102	1,928	4,954	3,035
Debtors and other receivables	4,600	4,821	10,063	10,476	13,576	14,210
Services work in progress	178	178	-	-	178	178
Investments – term deposits	6,500	3,500	16,000	11,000	22,500	14,500
Investment property	-	-	20	-	20	-
Total Current Assets	12,130	9,606	30,185	23,404	41,228	31,923
NON-CURRENT ASSETS						
Property, plant and equipment	2,331	2,329	15,527	18,820	17,858	21,149
Intangible assets	927	4,625	448	960	1,375	5,585
Investments- term deposits	2,000	-	4,000	-	6,000	-
Total Non-Current Assets	5,258	6,954	19,975	19,780	25,233	26,734
Total Assets	17,388	16,560	50,160	43,184	66,461	58,657
CURRENT LIABILITIES						
Creditors and other payables	3,089	2,927	3,664	3,755	5,666	5,595
Employee entitlements	2,591	2,725	9,017	9,056	11,608	11,781
Provisions	-	-	145	145	145	145
Total Current Liabilities	5,680	5,652	12,826	12,956	17,419	17,521
NON-CURRENT LIABILITIES						
Employee entitlements	371	371	6,580	6,580	6,951	6,951
Provisions	82	82	827	696	909	778
Total Non-Current Liabilities	453	453	7,407	7,276	7,860	7,729
Total Liabilities	6,133	6,105	20,233	20,232	25,279	25,250
Net Assets	11,255	10,455	29,927	22,952	41,182	33,407
EQUITY						
General funds	11,255	10,455	14,336	14,736	25,591	25,191
Property, plant and equipment revaluation reserve	-	-	746	-	746	-
Passenger security charges and other fees and charges reserves	-	-	14,845	8,216	14,845	8,216
Total Equity	11,255	10,455	29,927	22,952	41,182	33,407

The accompanying statement of accounting policies forms part of these prospective financial statements.

PROSPECTIVE STATEMENT OF CASH FLOWS

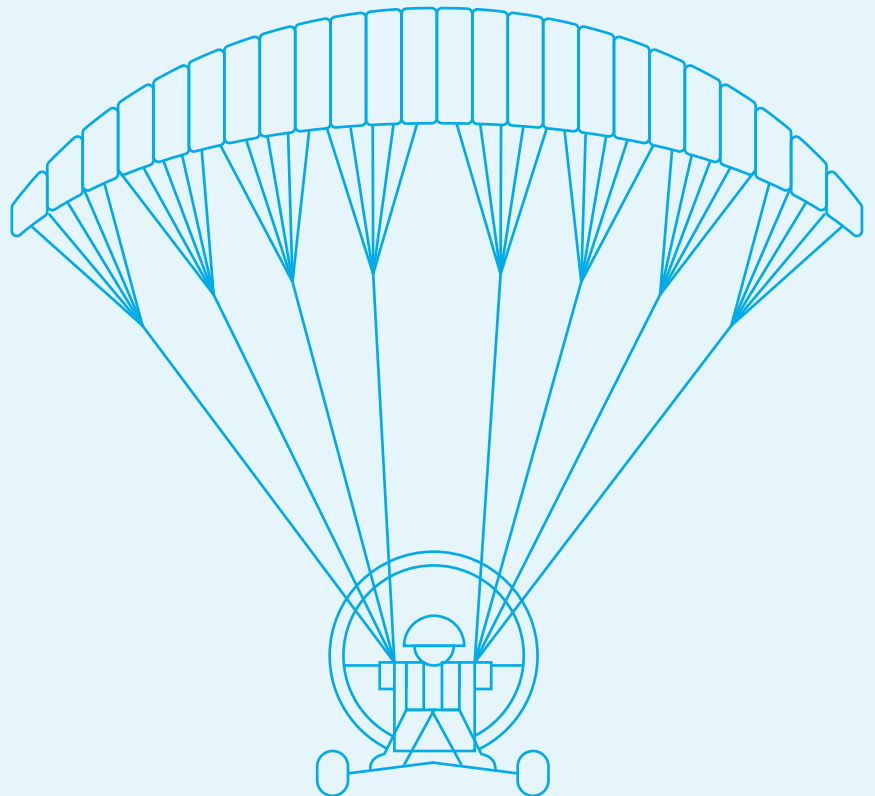
For the Years Ended 30 June

	REGULATORY FUNCTION		SECURITY SERVICE FUNCTION		CIVIL AVIATION AUTHORITY	
	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
CASH WAS PROVIDED FROM:						
Receipts from levies	33,561	34,409	-	-	33,561	34,409
Receipts from Passenger security charges and other services	6,780	7,022	99,437	103,145	106,197	110,147
Receipts from Crown funding and Ministry contracts	5,406	5,660	145	145	5,551	5,805
Interest received	319	300	722	624	1,041	924
Receipts from other revenue	274	260	859	822	906	855
Total	46,340	47,651	101,163	104,736	147,256	152,140
CASH WAS APPLIED TO:						
Payments to employees	(32,974)	(36,203)	(74,201)	(83,567)	(107,175)	(119,770)
Payments to suppliers	(12,631)	(11,947)	(23,017)	(24,701)	(35,401)	(36,401)
Interest paid	-	-	-	-	-	-
Payments of capital charge to the Crown	-	-	-	-	-	-
Goods and Services Tax (net)	8	(3)	(231)	(295)	(223)	(298)
Total	(45,597)	(48,153)	(97,449)	(108,563)	(142,799)	(156,469)
Net cash flows from operating activities	743	(502)	3,714	(3,827)	4,457	(4,329)
CASH FLOWS FROM INVESTING ACTIVITIES						
CASH WAS PROVIDED FROM:						
Maturity of investments	-	5,000	-	9,000	-	14,000
Total	-	5,000	-	9,000	-	14,000
CASH WAS APPLIED TO:						
Placement of investments	-	-	(4,000)	-	(4,000)	-
Purchase of property plant and equipment	(602)	(425)	(4,980)	(6,473)	(5,582)	(6,898)
Purchase of intangible assets	(912)	(3,818)	(170)	(874)	(1,082)	(4,692)
Total	(1,514)	(4,243)	(9,150)	(7,347)	(10,664)	(11,590)
Net cash flows from investing activities	(1,514)	757	(9,150)	1,653	(10,664)	2,410

The accompanying statement of accounting policies forms part of these prospective financial statements.

	REGULATORY FUNCTION		SECURITY SERVICE FUNCTION		CIVIL AVIATION AUTHORITY	
	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000	2018 ESTIMATED ACTUAL \$000	2019 BUDGET \$000
CASH FLOWS FROM FINANCING ACTIVITIES						
CASH WAS PROVIDED FROM:						
Proceeds from external borrowings	-	-	-	-	-	-
Total	-	-	-	-	-	-
CASH WAS APPLIED TO:						
Repayment of external borrowings	-	-	-	-	-	-
Total	-	-	-	-	-	-
Net Cash Flows from Financing Activities	-	-	-	-	-	-
Net increase/decrease in cash and cash equivalents	(771)	255	(5,436)	(2,174)	(6,207)	(1,919)
Opening cash and cash equivalents at 1 July	1,623	852	9,538	4,102	11,161	4,954
Closing cash & cash equivalents at 30 June	852	1,107	4,102	1,928	4,954	3,035

The accompanying statement of accounting policies forms part of these prospective financial statements.



PROSPECTIVE RECONCILIATION OF EQUITY: REGULATORY FUNCTION

For the Years Ended 30 June

	FIXED FEE	HOURLY CHARGES	OTHER (VOTE TRANSPORT & MOT CONTRACT)	GENERAL FUNDS (INCLUDING LEVIES)
2019 BUDGET \$000				
Revenue	1,808	4,369	5,660	36,006
Expenditure	(4,509)	(11,454)	(7,218)	(25,462)
Net surplus/(deficit)	(2,701)	(7,085)	(1,558)	10,544
Opening balance at 1 July	-	-	-	11,255
Transfer (from) to other reserves	2,701	7,085	1,558	(11,344)
Closing balance at 30 June	-	-	-	10,455
2018 ESTIMATED ACTUAL \$000				
Revenue	1,906	4,770	5,406	33,979
Expenditure	(4,388)	(11,871)	(6,374)	(23,364)
Net surplus/(deficit)	(2,482)	(7,101)	(968)	10,615
Opening balance at 1 July	-	-	-	11,191
Transfer (from) to other reserves	2,482	7,101	968	(10,551)
Closing balance at 30 June	-	-	-	11,255

The accompanying statement of accounting policies forms part of these prospective financial statements.

PROSPECTIVE RECONCILIATION OF EQUITY: SECURITY SERVICE FUNCTION

For the Years Ended 30 June

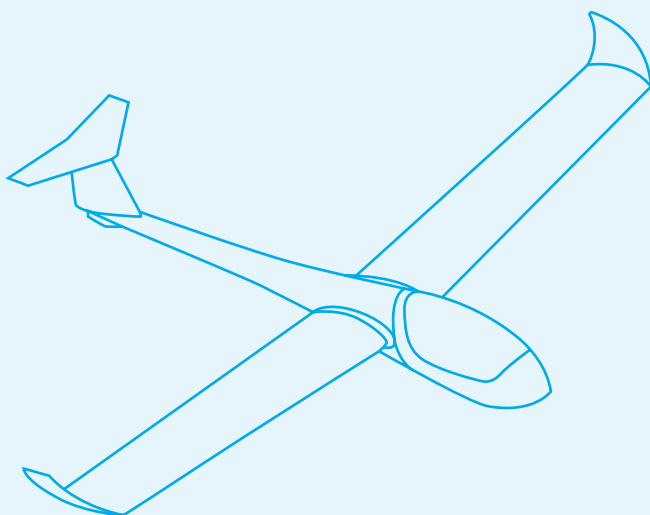
	INTERNATIONAL PASSENGER SECURITY CHARGES	DOMESTIC PASSENGER SECURITY CHARGES	TOTAL PASSENGER SECURITY CHARGES	OTHER FEES/ CHARGES	TOTAL SPECIFIC RESERVES	PROPERTY, PLANT AND EQUIPMENT REVALUATION RESERVE	GENERAL FUNDS
2019 BUDGET \$000							
Revenue	60,966	38,664	99,630	3,609	103,239	-	-
Expenditure	(68,241)	(38,291)	(106,532)	(3,684)	(110,216)	-	-
Net surplus/ (deficit)	(7,275)	373	(6,902)	(75)	(6,977)	-	-
Opening balance at 1 July	14,309	186	14,495	351	14,845	746	14,336
Transfer (from) to other reserves	242	104	346	-	346	(746)	400
Closing balance at 30 June	7,276	663	7,939	276	8,216	-	14,736
2018 ESTIMATED ACTUAL \$000							
Revenue	58,532	37,326	95,858	3,701	99,559	-	-
Expenditure	(57,115)	(37,783)	(94,899)	(3,691)	(98,590)	-	-
Net surplus/ (deficit)	1,417	(457)	959	10	969	-	-
Opening balance at 1 July	13,172	763	13,935	-	13,935	746	14,277
Transfer (from) to other reserves	(280)	(120)	(400)	341	(59)	-	59
Closing balance at 30 June	14,309	186	14,495	351	14,845	746	14,336

The accompanying statement of accounting policies forms part of these prospective financial statements.

PROSPECTIVE CAPITAL EXPENDITURE

For the Years Ended 30 June

	REGULATORY FUNCTION \$000		SECURITY SERVICE FUNCTION \$000	
	ESTIMATED ACTUAL 2018	BUDGET 2019	ESTIMATED ACTUAL 2018	BUDGET 2019
EQUITY				
OPENING BALANCE OF EQUITY AT 1 JULY				
Computer hardware	255	140	22	-
Computer software	912	3,818	170	874
Plant & equipment	18	-	4,083	3,484
Furniture & fittings	43	15	-	437
Motor vehicles	45	90	716	1,138
Leasehold Improvements	241	180	159	1,414
Total	1,514	4,243	5,150	7,347





Aviation Security Service
Kaiwhakamaru Rererangi

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