

What has been the turnover in professional managerial personnel year on year for the last five years excluding aviation security?

Date	Num of CAA Mgrs (est)	Mgmt Leavers - All	Gross Turnover	Mgmt Leavers - Unplanned	Unplanned Turnover
30/06/2019	55	16	29%	14	25%
30/06/2018	44	7	16%	2	5%
30/06/2017	39	7	18%	5	13%
30/06/2016	35	5	14%	5	14%
30/06/2015	31	5	16%	5	16%

The increased unplanned turnover in management roles over the 12 months to 30 June 2019 is to be expected given that, for many of the managers exiting the organisation, their current roles had been disestablished through an organisational design review focused on strengthening our regulatory performance. This created uncertainty for those managers as to whether there would be an ongoing role for them in the organisation following the conclusion of the review. Furthermore there had been minimal turnover at management levels in the previous 12 months so an increased level the following year was likely based on average turnover over previous years. The average unplanned turnover at management levels over the last five years has been just under 15%.

Please provide a line by line itemisation of the Budget similar to that presented to the CAA Board or as per the Annual Report

The information you have requested is publicly available at <https://www.aviation.govt.nz/assets/publications/statements-of-performance-expectation/perform-expect-2019-2020.pdf> on page 38.

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1. Could we please have the more detailed information on income v expenditure for the Operator Safety levy? In particular we would request for FYE 2018 to FYE 2020 the break down for each group of contributors to the Operators safety levy - the income and expenditure – this is a critical piece of information which we presently do not have and can you provide this relative to the budget approved by Cabinet as the basis for the increases.

CAA does not operate an income/expenditure 'memorandum account' for the operator safety levy. As a levy, it simply goes into general funds (alongside revenue from the pax safety levy, participation levy etc.) and gets applied across the CAA's 4 output classes as shown in our annual report.

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2. Can you please explain what has driven the cost increase for this group and have those cost increases been applied evenly across the board to all members of the Operator Safety Levy group or have some groups attracted greater cost increases than others.

CAA does not have a 'group' which is exclusive to operator safety levy payers to show the growth in CAA expenditure over time.

3. Can you please break down the components of the HASNO charge? We were advised that much of the funding is used for information and education. Can you show where and how this has driven up CAA's costs?

The following is the HSNO cost allocation:

<i>Two inspectors</i>	<i>\$200,000</i>
<i>Other staff costs, (e.g. Space rental, equipment, travel, training)</i>	<i>\$90,000</i>
<i>Legal costs</i>	<i>\$200,000</i>
<i>Industry engagement</i>	<i>\$30,000</i>
TOTAL COSTS PER ANNUM	\$520,000

4. What is the Authority's objective for surveillance hours and why was there such a significant decline in 2017?

There is no target as such. The Authority focusses on risks in the system that could give rise to harm. This is considered in the context of all other operational activity that must be conducted – within the constraints of the available technical resource.

5. Can you please confirm the status of the benchmarking document as the copy received has draft marked upon it.

The draft report was noted by the Authority Board on 14 August 2019 – the report has not since been changed (other than revising a small error in Table 12).

6. Was this benchmarking document put out for consultation and comment with the industry before the so called benchmarks were established?

No, the sole purpose of the benchmark exercise was to provide the Authority Board with an indication of how the Authority compared to other organisations and regulators.

7. Is there any agreement across government as to what benchmarks should be identified in the Treasury review.

The Treasury "Guidelines for Setting Charges in the Public Sector 2017" references benchmarking as a way to encourage efficiencies through: 'Using benchmarks for activity costs and processes against similar government activities and/or organisations in New

Zealand or overseas' and also makes mention of benchmarks in demonstrating cost control in monopoly services.

The Authority's benchmark exercise followed this guidance by looking at both similar government activities (BASS), and at other domestic and international regulators. The benchmark exercise was however not intended to be used in relation to setting of fees, rather it was intended to provide a level of assurance to the Board.

8. Was the benchmarking document peer reviewed by an appropriately qualified group?
No, the sole purpose of the benchmark exercise was to provide the Authority Board with an indication of how the Authority compared to other organisations and regulators.
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9. The benchmarking document appears quite on the matters that Treasury raised as specific in their document such as hourly rate; other fees and charges.

The benchmarking exercise was not related to the setting of fees, levies and charges (as outlined in the Treasury guideline), nor to the levels of fees, levies and charges. Rather it was advice to the Board.

10. Did the benchmarking document consider the matter of the contribution government makes to a sector in setting fees and charges. This is particularly relevant with any comparisons globally eg CASA v CAA NZ.

No, the benchmarking exercise was not concerned with revenue or setting of fees, it simply compared costs/performance to other agencies and regulators.

11. Has the industry been asked to comment on the benchmarking document? If not why not as this document is a significant contributor to the matter of fees and charges.

No. The benchmarking exercise was an internal exercise and did not relate to the setting of fees, levies and charges.

12. Are there any there any other documents upon which CAA assess its efficiency and effectiveness?

No, there is nothing specific other than reporting against the Statement of Performance Expectations.

After further considering the data and information provided could you please provide answers to the following :

The cost of the New Southern Skies Project to date, its termination date and the number of CAA personnel FTE contract or otherwise who are engaged in the project.

The total spend to 31 December 2019 on NSS projects was \$4,380k. The programme is scheduled to terminate on 30/6/2021. There are a total of five FTE engaged on the programme.

The additional personnel resource engaged on SMS certification since the commencement of the group 2 recertification process – are these permanent or temporarily contracted personnel.

There are four SMS specialists, engaged on a fixed term through to 1 February 2021, in the Helicopter and Agricultural Operations Unit. These staff will transfer to the Certification Unit under the new organisational structure.

The number of personnel engaged on a FTE basis to service recreational aviation ie non certificated but excluding drone operations.

These FTEs sit in the Special Flight and Recreational Aviation Unit which consists of 12 FTEs including a manager and administrator. Six of these FTEs work on recreational aviation and also adventure aviation (excluding drone operations), whilst the manager and administrator cover the whole unit.

The number of personnel engaged on an FTE basis for Ag aviation.

There is a team of 23 people who do all of the helicopter and all agricultural aviation certification and surveillance – the work is spread across the team rather than people being specifically dedicated to agricultural aviation.

The number of personnel engaged on an FTE basis for Drone operations.

There are four people primarily (but not solely) involved in drone operations.

The CAA Benchmarking document states there has been a 56% increase in headcount since 2010. As the new funding proposal is based in part upon increasing the head count by a further 11.5 FTE could you please advise for the years FYE 2013 through to and including FYE 2023 where additional personnel have been engaged and for what purpose.

The information about previous years' expenditure is available publicly in documentation such as annual reports and answers to questions asked at Select Committees. The information about proposed future years' spending is outlined in the pricing review discussion document (page 11) and in the Cabinet paper (page 8) that sought approval to consult.

Could you advise the unit cost per head for the proposed additional 11.5 FTE's

As the re-organisation is not yet complete, it has not yet been ascertained what the specific roles will be and therefore a 'per head' cost is not yet available. However we do know that some of the skills that will be required are scarce – and we need some new types of specialised skills for emerging technologies eg emerging drone technology requires software design skills.

The new FTE roles will likely sit mostly in the Aviation Safety Group arising out of the organisational review – that does oversight, audit, monitoring etc. There may be a couple of people in Policy – as there may be a need for new regulatory work. But no decisions have been made as yet – we need to complete the re-organisation and we need certainty on funding.

Can you please advise, given that there are less than half the audit hours being undertaken in FYE 2019 relative to FYE 2010 what happened to the personnel that were previously engaged on surveillance ie where they redeployed on other activities or were they made redundant?

In the interests of efficiency, the CAA continually reprioritises its work. Over the last two years, a significant amount of resource has been engaged in SMS work which has meant that the staff have continued to engage with operators in their area of expertise, but have conducted less routine audits.

Do you have the 100% calculation for the hourly rate? In 2016 we were advised that this rate was well over \$400 an hour.

This calculation does not exist as such. The hourly rate charged does not just cover the time of the person involved in the specific activity or transaction – it covers elements the total cost to run the organisation, for example finance functions.