

2024  
2025

# Statement of Performance Expectations

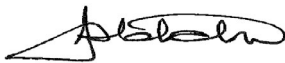
## Board Statement

The Civil Aviation Authority of New Zealand (Authority) certifies that the information contained in this Statement of Performance Expectations (SPE) reflects the operations and prospective financial statements including the appropriateness of the underlying assumptions of the Authority for the period 1 July 2024 to 30 June 2025.

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



**Janice Fredric** Chair of the Civil Aviation Authority of New Zealand



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# Introduction

This document details the outputs of the Civil Aviation Authority of New Zealand (the Authority), and the standards against which we'll assess our performance in 2024/25. It is part of our strategic framework, as described in the Statement of Intent.

The design and delivery of effective safety and security regulation is essential to position New Zealand as a trusted trade partner, a sought-after tourist destination, and a safe place to fly. Aviation is critical to New Zealand's economy through its global and domestic connections, the activity it enables, and the reputation it has. Ninety-nine percent of people arriving in New Zealand do so by air and a significant proportion of New Zealand's high-value goods are transported by air.

Expectations of how we operate as New Zealand's civil aviation regulator are changing. While we must maintain an absolute focus on safety and security, we're also expected to play a role in facilitating innovation, enabling sustainable aviation activity, and supporting economic growth.

As we look to the future, there are opportunities and risks from the development of emerging technologies ranging from low-emission propulsion, through autonomous aircraft, to increasingly sophisticated passenger screening technology at airports.

The Authority is seeking to play its part by leading and influencing a strong aviation safety and security regulatory culture, one that enables aviation safety and security alongside economic development. We aim to achieve this through active regulatory stewardship that will encourage fit for purpose regulation - and through professional regulatory practice that is intelligence-led and risk-based.

Our approach is underpinned by our values - collaboration, transparency, integrity, respect, and professionalism - and our intelligence-led, risk-based regulatory approach. This is built on the fundamental expectation that participants in the aviation system meet their safety and security obligations, and openly report information to enable continuous improvement.

## Preparing for the future

The new Civil Aviation Act 2023 will come into force in April 2025. In preparation for the Act's introduction, and to enable us to play our part in the ongoing development of New Zealand's aviation sector, we will focus on implementing and maintaining a coherent and consistent organisational operating model and a modern regulatory approach. We will deliver our core regulatory and compliance functions in a manner that contributes to an integrated, safe, secure, responsive, and sustainable transport system.

We're confident the resilience, skills, experience, and commitment of our people, underpinned by our focus on culture, leadership, systems and technology, and professional regulatory practice, will enable us to achieve this.

## Expectations from the Minister of Transport

The points emphasised, and our responses to, the Minister of Transport's 2024 Letter of Expectations are summarized below:

- **A focus on fiscal sustainability**

We have taken measures to reduce spending in the short-term and are looking at longer term efficiencies. Please refer to the Resources, Systems and Infrastructure building block section on page 12.

- **Developing sustainable funding mechanisms for the Authority**

We are progressing our funding review in a considered and transparent manner, in consultation with the Ministry of Transport (MoT) and the Minister.

- **Continued focus on the Authority's core business, the Civil Aviation Act 2023 implementation programme, and the requirement for regular, high-quality performance monitoring. Performance measures should be set to reflect the Minister's expectations about timeliness and efficiency.**

We have established a comprehensive programme across the Authority and MoT to ensure that existing and new statutory powers and functions under the Civil Aviation Act 2023 are effectively implemented. Please refer to the Authority's Statement of Intent, page 15 for more detail on the programme.

We have reviewed our output performance measures. New measures have been set taking into account the need to improve timeliness and efficiency. Any deviations from targets will be reported in quarterly reports, with explanations. Decision quality to support safety and security outcomes will not be discounted to achieve timeliness targets. The updated measures are set out on pages 18 to 29 of this document. An explanation of the amendments, deletions and new measures is on page 30.

- **The Government's oversight of emerging aviation and aerospace technologies**

We will build on our Emerging Technology Programme. Please refer to the Authority's Statement of Intent, pages 21 and 22.

## Our strategic framework

The following pages set out the Authority's strategic framework. This framework forms the basis of our Statement of Intent 2024 - 2029. The framework expresses the work of the Authority across four dimensions.

- Our Pathways - we have three pathways that lead us to delivering our vision and purpose.
- Our Impacts - desired changes over the medium to long term.
- Our Organisational Building Blocks - the tools and resources we use to achieve our **purpose and vision**.
- Our Outputs - our system facing operational deliverables.

We consider how we frame and measure the Authority's performance against the outputs. The outcome of this work is a set of performance measures for Output Classes 1 - 5 that are results-driven and aim to provide a good view of overall performance, without being burdensome to read.

Our performance measures are selected by identifying the critical outcomes we seek, reviewing historical information, and drawing out key measures for those outcomes.

# Our strategic framework and how we position ourselves to deliver

## OUR VISION AND PURPOSE

**A safe and secure aviation system – so people are safe, and feel safe, when they fly**

## DIRECTLY SUPPORT

Effective safety and security performance

- reducing risks within the aviation system to people, the environment and property; lowering social cost of air accidents and incidents, and improving confidence the system.

## INDIRECTLY SUPPORT

Positive economic and social outcomes

- economic activity
- social connection for the benefit of all New Zealanders

## OUR PATHWAYS

We have three pathways that lead us to delivering our vision and purpose

### Leadership and Influence

Through regulatory leadership we influence a safe and secure civil aviation system for New Zealand.

### Active Regulatory Stewardship

We monitor and care for the civil aviation regulatory system through our policy and operational responsibilities.

### Professional Regulatory Practice

We act to identify risk and reduce it through intelligence-led intervention.

## OUR IMPACTS

Desired changes in system state over the medium to long term

Application of consistent regulatory approaches that align with international regulatory requirements and that creates trust in NZ's aviation sector.

Participants, stakeholders and industry are engaged and informed, to encourage positive safety and security behaviours.

Participants entering and operating in the aviation system are capable of meeting safety and security requirements through their safety and security management systems.

An intelligence-led, risk-based monitoring approach identifies safety and security performance levels so regulatory action can be taken where required.

Security regulatory activities that address risk of unlawful interference with aircraft and aviation infrastructure, while efficiently facilitating the movement of passengers and goods.

## OUR OUTPUTS

Our system facing operational deliverables\*

Output Class 1: **Policy & Regulatory Strategy**

Output Class 2: **Outreach**

Output Class 3: **Certification and Licensing**

Output Class 4: **Monitoring, Inspection and Investigation**

Output Class 5: **Security Service Delivery**

## OUR VALUES

Our values underpin our culture and are at the heart of our organisation

**Collaboration**  
Me mahi tahi

**Transparency**  
Me mahi pono

**Integrity**  
Me mahi tika

**Respect**  
Me manaaki

**Professionalism**  
Kia tū rangatira ai



## OUR BUILDING BLOCKS



### Modern regulatory delivery

We are an intelligence-led and risk-based regulator, balancing trust in participants with effective verification, assurance and regulatory action.



### People capacity and capability

We have a highly skilled and professional workforce. We enable our people through engagement, leadership, our culture, capability development and diversity in our workforce.



### Resources, system and infrastructure

We manage our resources, systems and infrastructure (finance, digital, and workplace) sustainably, securing the long-term viability of the Authority.

\* Refer to the Statement of Performance Expectations for full descriptions

# Our core regulatory functions

## System practice and design

ICAO conventions, policy, law, regulations, rules, advisory circulars, operational policy

## Communication and engagement

Information, education and advice

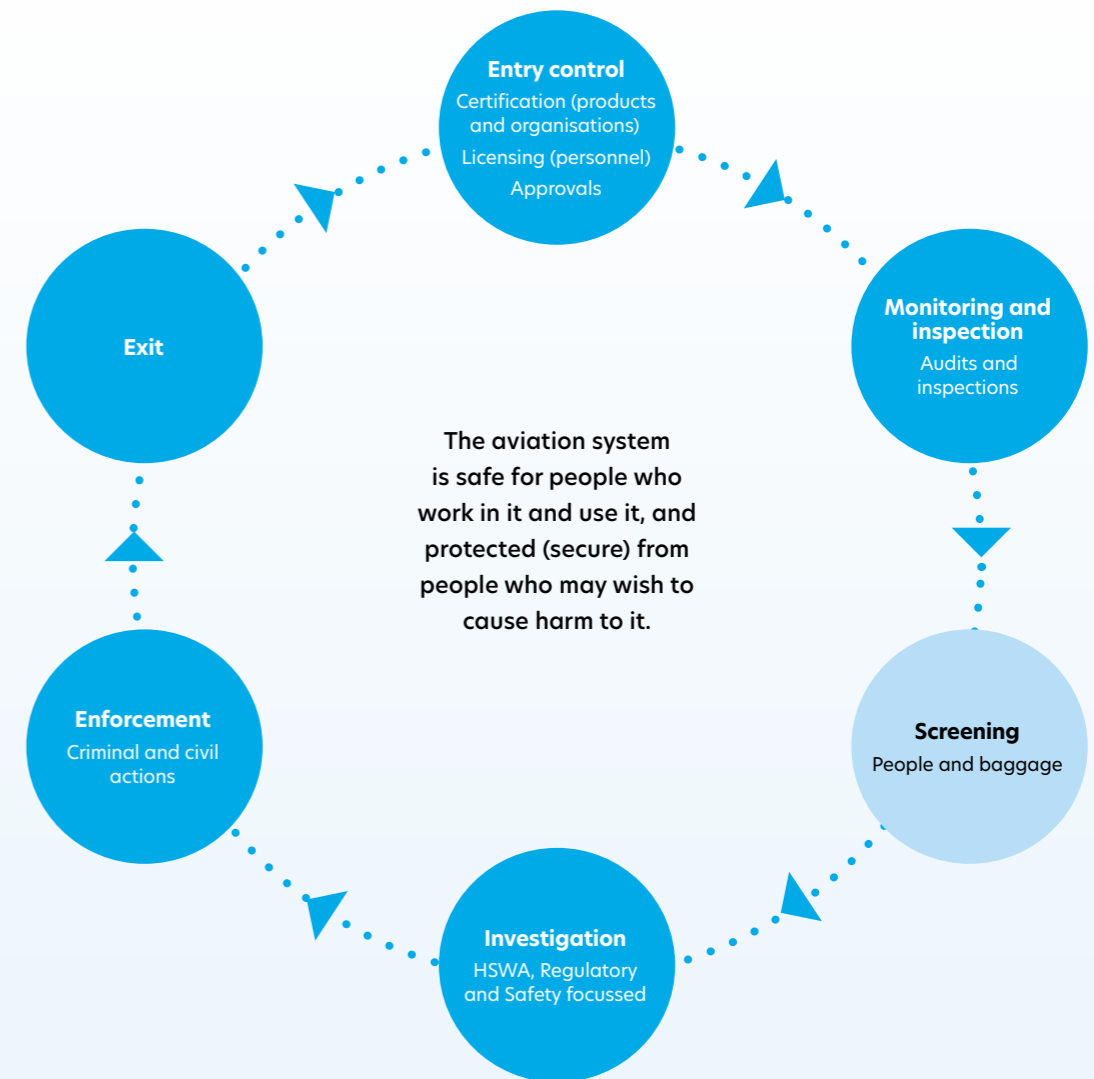
## What we do

We regulate people (those who work in, and are customers of, aviation - including pilots, engineers, air traffic controllers and passengers), organisations, aircraft, and aviation infrastructure.

The types of regulatory functions we carry out across the Authority include, engagement, education, communication, certification, licensing, monitoring (including audit and inspection, screening of passengers and non-passengers), investigation and enforcement. These functions provide a solid foundation for safe and secure aviation activity to bolster New Zealand's economic growth.

The Authority has three primary sources of revenue:

- aviation participant fees and charges for licensing and certification
- passenger charges and levies for civil aviation regulatory functions and security screening
- funding from the Crown.



## Regulatory interventions

Intelligence will inform us about 'significant' problems, themes, aviation activities or opportunities we should be focussing on. Interventions to deal with those should be shaped up and delivered through (often a combination of) appropriate core regulatory functions.

## Intelligence and system risk

Gathering, analysing, and using data and information from range of external and internal sources to develop intelligence that informs our approach to identifying, assessing and prioritising our responses to safety and security risks in the civil aviation system.

# Our building blocks

Our building blocks are the activities that enable the Authority to deliver through our pathways.





We've identified three interdependent building blocks, all aimed at supporting our pathways. Current year activities contributing to each of the building blocks are set out below.



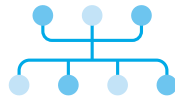
### MODERN REGULATORY DELIVERY

We are an intelligence-led and risk-based regulator, balancing trust in participants with effective verification, assurance and regulatory action.



### PEOPLE CAPACITY AND CAPABILITY

We have a highly skilled, professional workforce. We enable our people through engagement, leadership, our culture, capability development, and diversity in our workforce.



### RESOURCES, SYSTEM AND INFRASTRUCTURE

We manage our resources, systems and infrastructure (finance, digital, and workplace) sustainably, securing the long-term viability of the Authority.



## MODERN REGULATORY DELIVERY

Our regulatory strategy articulates our approach to regulating aviation safety and security to achieve our vision and purpose. It sets out our regulatory functions, our priorities, and our regulatory decision-making model. Our values are integral to our organisational culture and the delivery of our regulatory strategy.

Being intelligence-led and risk-based are prominent aspects of our approach to safety and security, and the regulatory strategy describes what this means in practice. Nested underneath the regulatory strategy are two operational strategies: the Regulatory Capability Plan and the Security Delivery Strategy (AvSec's Horizon 2030).

Our organisational effectiveness relies on us knowing how we have performed against our plans and intentions. Every quarter we report on our performance internally and to the Minister, while ensuring an ongoing quality assurance process to support efficient processes. Doing so enables us to best focus our frontline resource to impact our safety and security roles.

### During 2024/25 we'll:

- develop a modern regulatory operating approach to meet the demands of the changing aviation landscape (both internationally and domestically)
- implement our programme of work to meet the deadline for the new Civil Aviation Act 2023 enactment and continue to prepare for aspects to be delivered post the new Act's effective date of 5 April 2025.



## PEOPLE CAPACITY AND CAPABILITY

Our people are at the core of everything we do. We are a highly skilled and professional workforce, and we're continuing to enable our people through engagement, leadership, our culture, capability development, and diversity in our workforce.

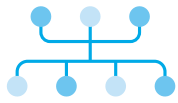
We have a focus on:

- investing in our peoples' capability and retention to deliver on our core regulatory safety and security activities and outcomes
- identifying longer-term workforce needs including the systems, practices and structures that align our people, capability and capacity to the work needed to deliver our vision and purpose
- having leaders who feel confident and capable to lead and support their people and having our people experience good quality leadership. We're focused on building the right foundations so that our leadership is sustainable and agile in a changing environment
- continuing to develop, embed, and build on our culture, values and one-organisation-approach to ensure the Authority's long-term future as a respectful, inclusive, and safe place to work
- building a mature Health Safety and Wellbeing culture, ensuring we have a safe, healthy and supportive working environment for our people
- building our organisational diversity and inclusion capability - supporting a workplace in which people feel welcome and are able to contribute fairly and equitably.

Our overall goal is to have a culture of care and respect for one another, where we embrace diversity through awareness, inclusion through opportunity, and belonging through connection.

During 2024/25 we'll:

- integrate the Aviation Security Service into the wider Authority, as a result of the introduction of the new Civil Aviation Act 2023, so we have a "one organisation approach" with closer alignment across common functions and activities
- operate according to a coherent and consistent operating model when we consider making changes to our systems, processes, or structures
- continue to build on our health, safety and wellbeing culture through active involvement of our people across the Authority in managing critical health, safety and wellbeing risks
- ensure we have the capability and capacity to deliver our core regulatory services through implementing our Integrated Capability project which has three workstreams:
  - leadership capability
  - warrants and delegations timelines
  - development of a core and common competency framework.



## RESOURCES, SYSTEMS AND INFRASTRUCTURE

We manage our resources, systems, and infrastructure (finance, digital, and workplace) sustainably, which secures the long-term viability of the Authority.

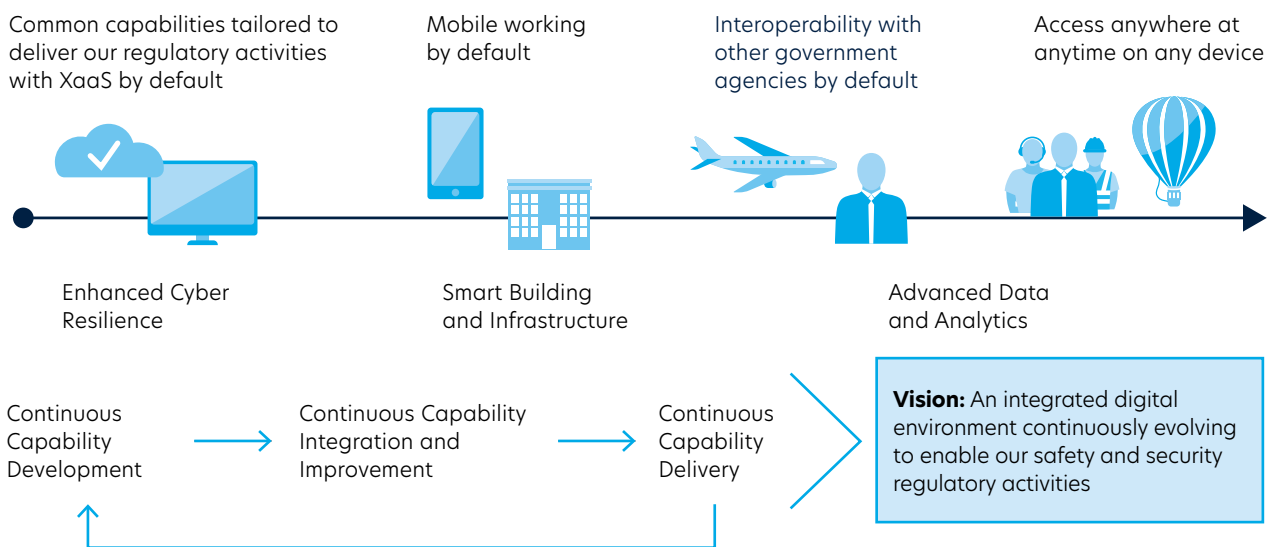
Careful financial and commercial stewardship of the Authority will ensure we can continue to provide the high-quality safety and security regulatory activities to participants without imposing an unnecessary burden through fees, charges, and levies.

The Authority cannot be sustainable if the costs of delivering our safety and security regulatory activities are not well managed. Through close financial stewardship and management, we will set appropriate levies, fees, and appropriations. Consistently managing cost growth while improving satisfaction, trust and confidence is a priority.

An integrated digital environment will support how the Authority's safety and security regulatory activities are delivered to by our people and engaged with by participants. This will make it more efficient and easier for participants to comply with regulatory requirements.

We have a diverse set of workplaces<sup>1</sup> - offices, screening points at aerodromes, training facilities, kennels, or vehicles. The changing nature of work, digital technology and how we deliver our safety and security regulatory activities means we need to continually assess how our workplaces support our work in the most effective and efficient way. We work in a tightly integrated aviation system and will take opportunities to collaborate with other government agencies who work at aerodromes, and with airport companies and other participants to make the most efficient use of our collective resources.

Fig 2. Integrated Digital Environment



<sup>1</sup> Workplace mean anywhere or in anything our people perform their safety and security regulatory activities.

We are committed to New Zealand's environmental goals including the net zero emissions target and achieving carbon neutrality. We participate in the Carbon Neutral Government Programme (CNGP) to reduce emissions in the public sector. Our carbon footprint comes from the vehicles we drive, the offices we occupy, the power we consume and the flights we take to perform our safety and security activities. We are committed to reduce our emissions by 42% by 2030.

#### During 2024/25 we'll:

- undertake careful financial and commercial stewardship of the Authority to ensure we can continue to provide the high-quality safety and security regulatory activities to participants without imposing an unnecessary burden through fees, charges, and levies (while operating within the requirements of the relevant legislation accounting standards<sup>2</sup>)
- in response to the Minister's letter of expectation and the Government's commitment to fiscal and funding sustainability, the Authority has undertaken a series of cost reduction measures since November 2023, including reducing our contractor spend, saving costs through our improved procurement processes, and taking a considered approach to recruitment. We will manage the implications of the Government's fiscal and funding expectations through prioritisation decisions and efficiency opportunities
- create an integrated digital environment that will support how the Authority's safety and security regulatory activities are delivered to by our people and engaged with by participants. This will make it more efficient and easier for participants to comply with regulatory requirements
- continually assess how our workplaces support our work in the most effective and efficient way. We work in a tightly integrated aviation system and will take opportunities to collaborate with other Government agencies who work at aerodromes, and with airport companies and other participants to make the most efficient use of our collective resources
- maintaining commitment to supporting the aims of the CNGP and driving progress across operational and workplace efficiency - including zero single-use plastics by 2027 and zero general waste to landfill by 2030 - and carbon offsets.

#### We have developed the following emissions reduction performance measure for 2024/25<sup>3</sup>

Measure	2023/24 Estimated performance	2024/25 Performance target
Reduce Scope 1 (vehicle fleet fuel) emissions compared to 2022/23 base year emissions of 291.04 tCO <sub>2</sub> e	New measure	12% reduction
Reduce Scope 2 (electricity) emissions compared to 2022/23 base year emissions of 91.99 tCO <sub>2</sub> e	New measure	12% reduction
Reduce Scope 3 (air travel) emissions compared to 2022/23 base year emissions of 2,599.69 tCO <sub>2</sub> e	New measure	12% reduction

<sup>2</sup> The Crown Entities Act 2004, Public Finance Act 1989, Public Service Act 2000 and the New Zealand equivalents to International Public Sector Accounting Standards.

<sup>3</sup> The Authority is required to set targets and measure greenhouse gas emissions under the Whole-of-Government Approach signed on 27 March 2022. Source of base year emissions is Toitu Envirocare Greenhouse Gas Inventory and Management Report for CAA, 08 November 2023.

# 2024/25 Statement of Performance Expectations

## How we're funded to deliver

The following pages explain the outputs (goods and services) that the Authority is funded to provide, the results we seek for each, and how we'll assess our performance.

Effective delivery of the Authority's outputs contributes to a solid foundation for aviation activity to bolster New Zealand's economic growth.

The continued delivery of these outputs has only been possible through additional Crown funding. Crown funding maintains our ability to deliver core functions where our revenue base was reduced, due to the COVID-19 pandemic.

**We're funded to deliver the following five classes of output:**

- **Output Class 1:** Policy and regulatory strategy
- **Output Class 2:** Outreach
- **Output Class 3:** Certification and licensing
- **Output Class 4:** Monitoring, inspection and investigation
- **Output Class 5:** Security service delivery

Year to date information about the achievement of these measures is reported to the Minister at the end of each quarter, and published on the Authority website.

**The Authority has three primary sources of revenue:**

- aviation participant fees and charges for licensing and certification
- passenger charges and levies for civil aviation regulatory functions and security screening
- funding from the Crown, as set out in the next section.

## Crown funding of our output class activities

The activities funded through the Crown from Vote Transport are denoted by an asterisk\* on the following pages. The associated funding is disclosed in the output class statements.

### Vote Transport non-departmental output expenses appropriation 'Civil Aviation and Maritime Security Services'

This appropriation funds technical information and advice in relation to:

- international matters affecting New Zealand's aviation sector
- investigation
- determining compliance
- enforcement of safety in the aviation sector
- the provision of advice and services by the Civil Aviation Authority to support Ministers to discharge their portfolio responsibilities relating to transport (delivered within Output Class 1: Policy and Regulatory Strategy and Output Class 4: Monitoring, Inspection, and Investigation)

- standby screening and searching services at ports (delivered within Output Class 5: Security Service Delivery).

This appropriation is intended to achieve a safe and secure airspace environment. We intend to achieve this through the implementation and monitoring of rules and regulations, the management of risk for all aviation activities and preparedness to provide a maritime security response role to a high-level threat situation affecting cruise ships or their passengers.

In addition to the information, advice, and services delivered under the output classes as described on the previous page, we have performance measures which align to our overall vision and purpose statement: a safe and secure aviation system - so people are safe, and feel safe, when they fly.

### Survey on confidence in safety and security in air transport

Measure	Previous years' performance	2024/25 Performance target
People have confidence in the safety and security of air transport in New Zealand airspace as shown by improvements demonstrated in a confidence survey (survey conducted biennially)	Survey not run in 2018/19 2019/20 Maintained Survey not run in 2020/21 2021/22 Decrease from 2019 Survey not run in 2022/23 <b>2023/24 Maintained est.</b>	Maintained
Percentage of resident travellers that felt extremely or very safe and secure	Survey not run in 2018/19 2019/20: 77% Survey not run in 2020/21 2021/22: 72% Survey not run in 2022/23 <b>2023/24: 75% est.</b>	75% or greater
Percentage of overseas travellers that felt extremely or very safe and secure	Survey not run in 2018/19 2019/20: 89% Survey not run in 2020/21 2021/22: 86% Survey not run in 2022/23 <b>2023/24: 92% est.</b>	92% or greater

### Vote Transport non-departmental output expenses appropriation 'Health and Safety at Work Activities - Civil Aviation'

This appropriation funds health and safety activities for the civil aviation sector, for which the Civil Aviation Authority has designated responsibility (delivered within Output Class 4: Monitoring, Inspection and Investigation.)

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

### Additional funding through Vote Transport non-departmental output expenses appropriation 'Protection of Transport Sector Agency Core Functions'

We receive additional Crown funding to maintain our ability to deliver core functions, where our revenue base reduced because of the COVID-19 pandemic. Along with the output classes on the following pages, we have two non-financial performance measures that cover the performance expectations of the Crown against the funding provided to the Authority to protect core services where third party revenue has been significantly affected by COVID-19.

Measure	Previous years' performance	2024/25 Performance target
*Maintain appropriate capability <sup>4</sup> for core functions - appropriate resourcing to meet service level requirements	2019/20 Achieved 2020/21 Achieved 2021/22 Achieved 2022/23 Achieved  <b>2023/24 Achieved est.</b>	Achieved
*Mitigate costs to the Crown - implement the plan for mitigating costs and any variations as agreed with the Ministry of Transport	2019/20 Achieved 2020/21 Achieved 2021/22 Achieved 2022/23 Achieved  <b>2023/24 Achieved est.</b>	Achieved

<sup>4</sup> Appropriate capability' is the minimum level of operational viability which will enable the Authority to deliver its statutory functions and regulatory outputs in accordance with our Statement of Performance Expectations, international obligations and domestic law, regulations, and rules. We are developing workforce plans to inform the capability and capacity required of our people.



### Non-Departmental Capital Expenditure - Capital Appropriation

We received a capital appropriation to fund AvSec security screening equipment, *Kapua* (our core regulatory data recording system) and other critical infrastructure.

Measure	Previous years' performance	2024/25 Performance target
*Percentage of planned works delivered to timeframe and standard	2021/22: 100% 2022/23: 100% <b>2023/24: 100% est.</b>	100%

The planned works under this performance measure are included in the table below:

Planned works 2024/25	Location	Timeframe
<i>Kapua</i> (our core regulatory data recording system)	Head office	December 2024
Cabin baggage screening - computed tomography equipment	Auckland Domestic / Transit to international*	December 2024
Non-Passenger Screening equipment	Auckland domestic and international**	31 March 2025
	Wellington***	31 March 2025
	Christchurch***	28 February 2025
	Queenstown***	30 November 2024

\* Capital works for the Auckland domestic and transit to international cabin baggage screening - computed tomography equipment are being carried out under a single programme and timeline.

\*\* Capital works for the Auckland domestic and international terminals' non-passenger screening equipment are being carried out under a single programme and timeline.

\*\*\* There will be one non-passenger screening installation servicing both domestic and international in each of the Wellington, Christchurch and Queenstown airports.

# Output Class 1:

## Policy and regulatory strategy

This output class strongly contributes to our strategic pathways of leadership and influence (in how we engage, influence and provide information to stakeholders), and active regulatory stewardship (in how we contribute to a whole-of-system, life-cycle view of safety and security regulation).

### Why this is important

Continuous improvement is foundational to the safety and security of the civil aviation regulatory system. We must take an active role in regulatory stewardship; leading and influencing so that participants, government, and other stakeholders can make informed decisions.

### What we want to achieve

We aim to provide excellent administration of regulation for the civil aviation system in New Zealand, as well as supporting the Minister of Transport and other parts of Government to make informed decisions on issues to do with the civil aviation system.

### What we do to deliver on this output

- We coordinate strategic engagement in the international aviation system.
- We administer New Zealand's civil aviation obligations and interests within the delegation of the Minister of Transport.
- We deliver ministerial services - e.g. providing answers to parliamentary questions, briefings, responses to letters to the Minister from the public.
- We develop options and solutions for specific issues within the aviation regulatory system.
- We proactively identify emerging issues for aviation.
- We deliver major policy and regulatory projects.
- We develop and maintain linkages internally, across Government, internationally, and within industry.

The Authority's ongoing financial challenges will place pressure on the delivery of this work. The Authority has resourcing constraints in several areas which is placing pressure on our day-to-day work and key programmes. This pressure is evident in preparing for the introduction of the new Civil Aviation Act 2023, and evolving the Emerging Technology initiative.

### **Key policy and international initiatives in 2024/25**

We'll continue to:

- engage with our international counterparts and the International Civil Aviation Organisation (ICAO) to meet New Zealand's obligations as a participant in a global aviation system and in support of our Pacific Island partners
- respond to the findings of the 2022 ICAO security audit and prepare for the full ICAO safety audit which will be undertaken in 2025
- complete the implementation of the Civil Aviation Act 2023
- work with other government departments, and the emerging technology sector, to ensure the appropriate and safe development and use of new technologies in the aviation system. Our Emerging Technology Unit will provide a bridge to enhance communications between these groups of stakeholders and with the Authority.

### **How we'll measure our performance**

This output class contains the following categories:

- 1.1** International engagement
- 1.2** Regulatory system design
- 1.3** Ministerial servicing

Output Measure	Previous years' performance	2024/25 Performance target
<b>1.1 International engagement</b> <ul style="list-style-type: none"> <li>The Authority's international activities are consistent with ICAO's global priorities for aviation safety and security<sup>5</sup></li> <li>We provide regulatory support and assistance to Pacific Island States as agreed with the Ministry of Foreign Affairs and Trade<sup>6</sup></li> </ul>	New measure  New measure	100%  100%
<b>1.2 Regulatory system design</b> <ul style="list-style-type: none"> <li>We develop and maintain rules in accordance with the Minister's agreed programme</li> <li>We assess current and emerging issues in the aviation system, and develop appropriate responses</li> <li>We support the implementation of the Civil Aviation Act 2023, including development of guidance and operational policy</li> </ul>	New measure  New measure  New measure	100%  100%  100%
<b>1.3 Ministerial servicing</b> <ul style="list-style-type: none"> <li>Our engagement with the Minister's Office on correspondence, briefings, enquiries, Parliamentary Questions, Ministers' meetings, and other ministerial requests meets the Minister's expectations</li> </ul>	100%	100%

Cost to deliver Output Class 1: Policy and regulatory strategy	2023/24 Estimated actual \$000	2024/25 Budget \$000
Crown Funding (Vote Transport: Policy Advice)	1,779	1,690
Crown - Protection of Core Functions	936	1,688
Ministry Contract Revenue (Rules Development & Pacific)	1,784	2,128
Levies	3,177	3,269
<b>Total Output Revenue</b>	<b>7,676</b>	<b>8,775</b>
<b>Total Output Expenses</b>	<b>(7,923)</b>	<b>(9,211)</b>
<b>Net Surplus/(Deficit)</b>	<b>(247)</b>	<b>(436)</b>

<sup>5</sup> The ICAO has defined its global priorities for aviation safety and security in the following documents : [Global Aviation Safety Plan \(GASP\)](#) (2023-2025 edition) and [Global Aviation Security Plan \(GASeP\)](#) (2017 edition).The Authority will self-assess its international activities against the GASP and GASeP and provide a percentage measure of the consistency of its activities against these ICAO priorities and retain a copy of this assessment for later verification at audit.

<sup>6</sup> The Authority will self-assess the regulatory support and assistance it provides to Pacific Island States against the agreement it has with the Ministry of Foreign Affairs and Trade and retain a copy of this assessment for later verification at audit.

# Output Class 2:

## Outreach

This output class contributes to our strategic functions of leadership and influence (in how we engage, influence and provide information to the sector), and professional regulatory practice (in how we act to ensure safety and security knowledge is disseminated and understood).

### Why this is important

Engagement with participants, organisations, and other aviation sector stakeholders is critical for the Authority. We need to understand what is happening in the environment that we regulate. Conversely, those who are regulated need to hear safety messages, updates on the regulatory environment, and to be aware of their responsibilities to keep the civil aviation system safe.

### What we want to achieve

Increased understanding and awareness of the roles, responsibilities, and risks of operating within the civil aviation system, by regulated parties (including non-traditional participants - for example, drone operators), stakeholders and the New Zealand public, so that behaviour changes and the civil aviation system becomes safer over time.

### What we do to deliver on this output

- Stakeholder communications (various channels - face-to-face visits, publications, online, etc.).
- Aviation industry / regulatory partner facilitation, engagement, and collaboration.
- Risk-based safety and security campaign development and delivery.
- Use of our Emerging Aviation Technologies Forum to improve our knowledge of technologies that will enter, or are likely to enter, the New Zealand aviation system.

Output Measure	Previous years' performance	2024/25 Performance target
<p><b>2.1.1 We build safety awareness through:</b></p> <ul style="list-style-type: none"> <li>• Education courses, workshops or seminars to participants nation-wide</li> <li>• Safety education products distributed<sup>7</sup></li> <li>• Vector magazines published <ul style="list-style-type: none"> <li>– Print copies distributed</li> <li>– Online readership</li> </ul> </li> <li>• Public aviation safety dashboard accessible on the Authority website</li> <li>• Targeted safety campaigns address specific areas of concern or new issues that arise.</li> </ul>	<p>2018/19: 10 2019/20: 13 2020/21: 15 2021/22: 26 2022/23: 9</p> <p><b>2023/24: 15 delivered est</b></p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p>	<p>12 delivered</p> <p>80,000</p> <p>56,000</p> <p>5,700</p> <p>100%</p> <p>100%</p>
<p><b>2.2.1</b> Our education courses, workshops, or seminars are rated by participants as a 3 or higher<sup>8</sup></p>	<p>2018/19: 100% 2019/20: 97.49% 2020/21: 98% 2021/22: 94.29% 2022/23: 100%</p> <p><b>2023/24: 90% est.</b></p>	<p>85%</p>
<p><b>2.2.2</b> Public aviation safety dashboard is rated by users as a 3 or higher<sup>9</sup></p>	<p>New measure</p>	<p>85%</p>
<p><b>2.2.3</b> Percentage of emerging technology participants surveyed reporting that the Emerging Technology Unit gateway process has met or exceeded their expectations..</p>	<p>Baseline to be set in 2023/24</p>	<p>70%</p>

Cost to deliver Output Class 2: Outreach	2023/24 Estimated actual \$000	2024/25 Budget \$000
Crown – Protection of Core Functions	590	851
Levies	1,645	1,693
Other Revenue	12	25
<b>Total Output Revenue</b>	<b>2,247</b>	<b>2,569</b>
<b>Total Output Expenses</b>	<b>(2,319)</b>	<b>(2,696)</b>
<b>Net Surplus/(Deficit)</b>	<b>(72)</b>	<b>(127)</b>

<sup>7</sup> Good Aviation Practice booklets, aviation safety posters, safety education and other products.

<sup>8</sup> Based on a post-seminar assessment with a rating scale of 1 to 5 (5 being the top rating).

<sup>9</sup> Using online assessments completed by users.

# Output Class 3:

## Certification and licensing

This relates to our strategic pathways to carry out professional regulatory practice (through our activities to allow people to enter, exit, and participate in the system), and active regulatory stewardship (through our intelligence-led risk assessments and continuous improvement).

### Why this is important

People and organisations operating within the civil aviation system must be appropriately licensed, certified, and aware of their responsibilities as participants in the sector, to ensure the overall safety of the civil aviation system.

### What we want to achieve

- Robust assessment of participants and products as safe and fit to participate in the New Zealand civil aviation system.
- Improving efficient processing of applications, without compromising safety standards.

Certification timeliness 'stretch' performance targets have been set taking account of the need to improve timeliness. Any deviations from the targets will be reported in quarterly reports, with explanations. Decision quality to support safety outcomes will not be discounted to achieve timeliness targets.

### What we do to deliver on this output

- Exercise control over entry, through issuing or amending aviation documents, and approvals of organisations, individuals and products.
- Exercise control over exit, through the suspension and revocation of documents.

Output Measure	Previous years' performance	2024/25 Performance target
<p><b>3.1.1</b> Certificates or licences that we issue (for personnel, organisations, aircraft, and service providers) meet our quality and timeliness standards.</p> <p>Benchmark information for certification over the past five years is included on the next page.</p> <p>Certification</p> <ul style="list-style-type: none"> <li>• Quality meets internal CAA criteria</li> <li>• Timeliness of new applications for all certification types - certification for applications processed within: <ul style="list-style-type: none"> <li>– 20 working days from receipt of application</li> <li>– 40 working days from receipt of application</li> <li>– 120 working days from receipt of application</li> </ul> </li> <li>• Timeliness of amendments for all certification types - certification for applications processed within: <ul style="list-style-type: none"> <li>– 20 working days from receipt of application</li> <li>– 40 working days from receipt of application</li> <li>– 80 working days from receipt of application</li> </ul> </li> <li>• Timeliness of new applications for Part 102 applications - certification for applications processed within: <ul style="list-style-type: none"> <li>– 20 working days from receipt of application</li> <li>– 40 working days from receipt of application</li> <li>– 120 working days from receipt of application</li> </ul> </li> <li>• Timeliness of amendments for Part 102 applications - certification for applications processed within: <ul style="list-style-type: none"> <li>– 20 working days from receipt of application</li> <li>– 40 working days from receipt of application</li> <li>– 80 working days from receipt of application</li> </ul> </li> <li>• Percentage of Part 102 applicants surveyed who report that CAA has met or exceeded their expectations for timeliness processing their applications.</li> </ul> <p>Licensing</p> <ul style="list-style-type: none"> <li>• Quality meets internal CAA criteria</li> <li>• Timelines - licences for complete applications processed within 10 working days of receipt (excluding printing and shipping time)</li> </ul>	<p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p> <p>New measure</p>	<p>100%</p> <p>&gt;50%</p> <p>&gt;70%</p> <p>&gt;90%</p> <p>&gt;50%</p> <p>&gt;70%</p> <p>&gt;90%</p> <p>&gt;50%</p> <p>&gt;70%</p> <p>&gt;90%</p> <p>&gt;50%</p> <p>&gt;70%</p> <p>&gt;90%</p> <p>&gt;70%</p> <p>100%</p> <p>&gt;90%</p>



**Benchmark information for certification, all certificate types, over the past five years.**

Working days (and target)	New issues										
	2019/20		2020/21		2021/22		2022/23		2023/24 ytd		
	Number issued	Target met	Number issued	Target met	Number issued	Target met	Number issued	Target met	Number issued	Target met	
20 (>30%)	146	35.61%	150	41.10%	110	34.48%	90	27.11%	78	26.80%	
40 (>55%)	222	54.15%	205	56.16%	170	53.29%	151	45.48%	131	45.02%	
120 (>80%)	325	79.27%	290	79.45%	250	78.37%	240	72.29%	195	67.01%	
	Amendments										
	20 (>30%)	363	45.72%	284	40.80%	258	36.65%	260	38.07%	195	32.72%
	40 (>55%)	540	68.01%	425	61.06%	413	58.66%	412	60.32%	314	52.68%
	80 (>80%)	675	81.61%	568	81.61%	552	78.41%	553	80.97%	468	78.52%

**Cost to deliver Output Class 3: Certification and licensing**

	2023/24 Estimated actual \$000	2024/25 Budget \$000
Crown Funding (Vote Transport: New Technologies and ADSB)	1,451	1,171
Crown - Protection of Core Functions	16,832	22,287
Levies	16,131	16,597
Fees and charges	4,999	4,800
Other Revenue	206	434
<b>Total Output Revenue</b>	<b>39,619</b>	<b>45,289</b>
<b>Total Output Expenses</b>	<b>(40,894)</b>	<b>(47,540)</b>
<b>Net Surplus/(Deficit)</b>	<b>(1,274)</b>	<b>(2,251)</b>

# Output Class 4:

## Monitoring, inspection and investigation

We carry out professional regulatory practice through our active investigations, audits, and monitoring activities, and active regulatory stewardship through our intelligence-led risk assessments and continuous improvement.

### Why this is important

We take an active role in the civil aviation system, ensuring that participants act safely within the system. Monitoring, inspection, and investigation activities ensure that we're confident that risks are being well managed throughout the civil aviation system, and that participants are carrying out their responsibilities, or are in a position to act diligently if they're not.

### What we want to achieve

Continued assurance that the aviation system in New Zealand is safe and secure.

### What we do to deliver on this output

- We monitor adherence to safety and security standards by participants in the civil aviation system, including audits, inspections and investigations under the Civil Aviation Act 1990, the Health and Safety at Work Act 2015 and the Hazardous Substances and New Organisms Act 1996.
- We assess safety data and information to identify safety and security risks in order to inform and influence the management of risk.
- We take appropriate action in the public interest to enforce the provisions of the Acts and Rules, and to address safety risk.

Output Measure	Previous years' performance	2024/25 Performance target
<p><b>4.1.1 We'll influence aviation safety and security through monitoring, inspection and investigation activities:</b></p> <ul style="list-style-type: none"> <li>Planned oversight activity (monitoring and inspection) compared to activity conducted.</li> <li>Oversight activities (monitoring and inspections) meet the objectives of the oversight programme.</li> <li>Intelligence reports assessed for inclusion in the programme of oversight activities.</li> </ul>	<p>New measure</p> <p>New measure</p> <p>New measure</p>	<p>80%</p> <p>100%</p> <p>100%</p>
<p><b>4.1.2</b> Investigations independently assessed by a third party to ensure they're completed within 12 months and the recommendations made comply with our regulatory model.</p>	<p>2018/19: 100%</p> <p>2019/20: 100%</p> <p>2020/21: 100%</p> <p>2021/22: 100%</p> <p>2022/23: 100%</p> <p><b>2023/24: 100% est.</b></p>	<p>100% of those assessed comply</p>
<p><b>4.2.1</b> Support delivered to the Airspace Integration Trials programme meets the terms of reference agreed with the Ministry of Business, Innovation and Employment.</p>	<p>2022/23 100%</p> <p><b>2023/24 100% est.</b></p>	<p>100%</p>

Cost to deliver Output Class 4: Monitoring, inspection and investigation	2023/24 Estimated actual \$000	2024/25 Budget \$000
Crown Funding (Vote Transport: Health and Safety in Employment)	4,001	4,001
Crown – Protection of Core Functions	858	2,657
Levies	10,292	10,589
Fees and charges	27	26
Other Revenue	79	167
<b>Total Output Revenue</b>	<b>15,257</b>	<b>17,440</b>
<b>Total Output Expenses</b>	<b>(15,747)</b>	<b>(18,307)</b>
<b>Net Surplus/(Deficit)</b>	<b>(490)</b>	<b>(867)</b>

# Output Class 5:

## Security service delivery

Security service delivery is part of the Authority's role of professional regulatory practice; our screening and security delivery functions are regulatory actions in practice.

### Why this is important

We need to sustain trust in New Zealand's aviation security system.

Security screening and other activities sustain that trust by identifying threats and managing associated risks at security-designated airports, and elsewhere as required across New Zealand.

### What we want to achieve

We're evolving our security approach over time, to focus on developing a highly skilled workforce, creating a more intelligence-led, risk-based approach to security activities.

We explore and adopt new technologies and innovative solutions. We collaborate with others, at the border and internationally, to sustain confidence through our security outcomes and provide ease of passage for travellers.

### What we do to deliver on this output

- We carry out aviation security screening to keep passengers, crew and other personnel safe
- We provide security capability to strengthen
- New Zealand's national security, law enforcement activities and the border system
- We adopt new security technologies and systems to mitigate evolving threats to aviation.

### How we'll measure our performance

This output class contains the following two categories:

#### 5.1 Screening Activity

#### 5.2 Access control and risk assessment

Output Measure	Previous years' performance	2024/25 Performance target
<i>Matching passenger facilitation demand with screening capacity</i>		
5.1.1 Time periods where screening capacity was insufficient to meet passenger demand (95% of lane capacity exceeded)	New measure	<5%
<i>Utilising comprehensive queue management system to match passenger facilitation demand with screening capacity</i>		
5.1.2 Time periods where average wait time exceeds 10 minutes	New measure	<5%
<i>Deploying screening capacity efficiently</i>		
5.1.3 Time periods where a screening lane was open but not required	New measure	<10%
5.1.4 Number of complaints <sup>10</sup> upheld against the Aviation Security Service per 50,000 screened.	2022/23: 0.41 2023/24: 0.61 est.	< 2 per 50,000 passengers
5.2.1 Security monitoring of restricted areas against regulated standards. <sup>11</sup>	2021/22: 100% 2022/23: 98% 2023/24: 100% est.	100% of requirements met
5.2.2 Regular non-passenger security risk assessments performed and mitigation actions implemented		
<ul style="list-style-type: none"> <li>Annual risk assessment performed</li> <li>Annual risk assessment recommendations implemented</li> </ul>	New measure New measure	100% 100%

Performance against the above measures will be reported in the Annual Report at national level and for the following AvSec sites:

<b>Auckland</b> International/Domestic	<b>Wellington</b> International/Domestic	<b>Christchurch</b> International/Domestic
<b>Queenstown</b> International/Domestic	<b>Dunedin</b> Domestic	<b>Invercargill</b> Domestic

Cost to deliver Output Class 5: Aviation Security Service Delivery	2023/24 Estimated actual \$000	2024/25 Budget \$000
Passenger levies	128,860	135,550
Crown funding – Maritime Security Services	145	145
Crown – Protection of Core Functions	51,927	54,975
Other Revenue	2,787	2,788
<b>Total Output Revenue</b>	<b>183,719</b>	<b>193,458</b>
<b>Total Output Expenses</b>	<b>(188,759)</b>	<b>(199,355)</b>
<b>Net Surplus/(Deficit)</b>	<b>(5,040)</b>	<b>(5,897)</b>

<sup>10</sup> In relation to the carrying out of requirements under Civil Aviation Rule 140.

<sup>11</sup> Airport Identity Card checks, Non-Passenger Screening, security patrols.

## Changes to performance measures

This table lists the changes to output performance measures since last year's Statement of Performance Expectations, and the reasons for those changes.

### Changes to output measures

Ref	Output Measure 2023/24	2023/24 Performance target	Changed Output Measure 2024/25	Changed 2024/25 Performance target
<b>Output Class 1: Policy and Regulatory Strategy</b>				
1.1.1	<p>We'll ensure New Zealand's obligations as a signatory state to the Chicago convention are met, where appropriate for New Zealand:</p> <ul style="list-style-type: none"> <li>• Maintained alignment with existing Standards and Recommended Practices (SARPs)</li> <li>• Alignment with new SARPS</li> <li>• Filing of Differences within required timeframes</li> </ul>	<p>Maintained</p> <p>Achieved</p> <p>100%</p>	Replaced by new measure 1.1	Replaced
<i>Reason for change: This measure has been deleted because it does not describe the scope of the international relationships that we manage. It has been replaced by new measure 1.1</i>				
1.2.1	Our reports, correspondence and Parliamentary questions will be acceptable to the Minister (assessed through a biannual survey).	Meet or exceed expectations	Replaced by new measure 1.3	Replaced
<i>Reason for change: This measure has been deleted because it is too narrow in scope to describe the servicing provided to the Minister. It has been replaced by new measure 1.3</i>				
1.3.1	The policy advice we provide to Ministers, government departments and agencies meets the Authority's internal guidelines for quality policy advice.	100%	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is not indicative of the overall performance of this output.</i>				
1.4.1	We assess all emerging issues that impact the aviation regulatory system according to our issue assessment procedures.	100%	Integrated into new measure 1.2	Integrated into new measure
<i>Reason for change: This measure has been deleted as an individual measure and integrated into new measure 1.2</i>				
1.5.1	The rules and standards programme is delivered as agreed with the Minister of Transport.	100%	Integrated into new measure 1.2	Integrated into new measure
<i>Reason for change: This measure has been deleted as an individual measure and integrated into new measure 1.2</i>				
1.6.1	Regulatory support and assistance to eight South Pacific Island States delivered as agreed with the Ministry of Foreign Affairs and Trade (MFAT).	100%	Integrated into new measure 1.1	new measure
<i>Reason for change: This measure has been deleted as an individual measure and integrated into new measure 1.1</i>				

Ref	Output Measure 2023/24	2023/24 Performance target	Changed Output Measure 2024/25	Changed 2024/25 Performance target
<b>Output Class 2: Outreach</b>				
2.1.1	<p>We build safety awareness through:</p> <ul style="list-style-type: none"> <li>our face-to-face, phone, online or other remote contact with participants by the Aviation Safety Advisors</li> <li>education courses, workshops or seminars to participants nation-wide</li> <li>safety reports published on the Authority's website</li> <li>targeted safety campaigns in response to specific areas of concern or new issues that arise.</li> </ul>	<p>500 individual participants</p> <p>12 delivered</p> <p>4 published</p> <p>5 campaigns</p>	Replaced by new measure 2.1.1	Replaced
<i>Reason for change: This measure has been deleted because it is not indicative of the overall performance of this output. It has been replaced by new measure 2.1.1.</i>				
2.1.2	Our education courses, workshops, or seminars are rated by participants as a 3 or higher.	85%	Renumbered 2.2.1	Renumbered
<i>Reason for change: This measure has been renumbered 2.2.1</i>				
2.1.4	We'll implement the Authority's new stakeholder framework and approach.	100%	Deleted	Deleted
<i>Reason for change: This measure has been deleted because the programme has been completed.</i>				
<b>Output Class 3: Certification and licensing</b>				
3.1.1	All certificates or licenses that we issue (for personnel, organisations, aircraft, and service providers) meet our quality and timeliness standards.	Achieved	Deleted and replaced (same reference number)	Deleted and replaced
<i>Reason for change: This measure has been deleted, and replaced by a new measure with the same reference number 3.1.1. which provides more information on the quality and timeliness standards.</i>				
3.1.2	<p>Our internal assessment of regulatory oversight demonstrates commitment to continuous improvement in how we administer regulatory activity.</p> <ul style="list-style-type: none"> <li>All improvements identified through Plan-Do-Check-Act reviews (PDCA)<sup>4</sup> are subject to appropriate action.</li> </ul>	100% of improvements identified are subject to appropriate action.	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is an internal quality measure</i>				

Ref	Output Measure 2023/24	2023/24 Performance target	Changed Output Measure 2024/25	Changed 2024/25 Performance target
<b>Output Class 4: Certification and licensing</b>				
4.1.1	We'll complete health and safety assessments, investigations and audits within: <ul style="list-style-type: none"> <li>• 180 days</li> <li>• 12 months</li> </ul>	70% 100%	Replaced by new measure 4.1.1	Replaced
<i>Reason for change: This measure has been deleted because it does not provide an accurate representation of the output's effectiveness. The output will be reported in a new oversight measure 4.1.1</i>				
4.1.2	We'll monitor adherence to the Civil Aviation Act 1990 through the conduct of: <ul style="list-style-type: none"> <li>• Oversight activities, e.g. Audits, inspections, spot checks and system testing or performance reviews</li> <li>• Safety and security regulatory Investigations</li> <li>• Enforcement Investigations</li> <li>• Aviation Related Concerns (ARC) Investigations</li> <li>• Section 15A of the Civil Aviation Act 1990 Investigations (Power of Director to investigate holder of aviation document)</li> </ul>	400-500 300-390 20-40 500-600 2-3	Replaced by new measure 4.1.1	Replaced
<i>Reason for change: This measure has been deleted because it does not provide an accurate representation of the output's effectiveness. The output will be reported in a new oversight measure 4.1.1.</i>				
4.1.3	Regulatory investigations independently assessed by a third party to ensure they're completed within 12 months and the recommendations made comply with our regulatory model.	100% of those assessed comply	Renumbered 4.1.2	Renumbered
<i>Reason for change: This measure has been renumbered 4.1.2</i>				
4.1.4	We'll complete investigations of Aviation Related Concerns within: <ul style="list-style-type: none"> <li>• 180 days of receipt</li> <li>• 12 months of receipt</li> </ul>	80% 100%	Replaced by new measure 4.1.1	Replaced
<i>Reason for change: This measure has been deleted because it does not provide an accurate representation of the output's effectiveness. The output will be reported in a new oversight measure 4.1.1.</i>				
4.1.5	We include aviation-specific Health and Safety guidance in safety and security guidance publications produced by the Authority.	8-12	Deleted	Deleted
<i>Reason for change: This measure has been deleted because the activity is no longer conducted on a regular basis.</i>				



Ref	Output Measure 2023/24	2023/24 Performance target	Changed Output Measure 2024/25	Changed 2024/25 Performance target
4.1.6	Support delivered to the Airspace Integration Trials programme as agreed with the Ministry of Business, Innovation and Employment.	100% of agreed support as included in the terms of reference with the Ministry of Business, Innovation and Employment.	Renumbered 4.2.1	Renumbered
<i>Reason for change: This measure has been renumbered 4.2.1</i>				
4.1.7	Percentage of emerging technology participants surveyed reporting that the Emerging Technology Unit gateway process has met or exceeded their expectations.	Baseline to be established in 2023/24	Renumbered 2.2.3	Renumbered and target of 70% set for 2024/25
<i>Reason for change: This measure has been renumbered 2.2.3</i>				
4.1.8	Our internal assessment of regulatory oversight demonstrates commitment to continuous improvement in how we administer regulatory activity <ul style="list-style-type: none"> <li>All improvements identified through Plan-Do-Check-Act reviews (PDCA)<sup>4</sup> are subject to appropriate action.</li> </ul>	100% of improvements identified are subject to appropriate action.	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is an internal quality measure</i>				
<b>Output Class 5: Security service delivery</b>				
5.1.1	Acceptance by international regulators of AvSec equipment and practices as used within the New Zealand aviation security system.	100%	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is an internal technical compliance measure</i>				
5.1.2	Technologies deployed meet accepted international standards, as directed and agreed by the Director of Civil Aviation.	100%	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is an internal technical compliance measure</i>				
5.1.3	Meet obligations to investigate, trial, and stay informed on new technologies and practices.	100% of initiatives aligned to strategy	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is an internal technical compliance measure</i>				

Ref	Output Measure 2023/24	2023/24 Performance target	Changed Output Measure 2024/25	Changed 2024/25 Performance target
5.1.4	Match of forecast screening capacity to actual passenger demand.	Less than 10% under capacity and less than 10% over capacity	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it does not provide an accurate or easy to understand efficiency measure. It has been replaced by new measure 5.1.3</i>				
5.1.5	Number of complaints upheld against the Aviation Security Service per 50,000 screened.	<2 per 50,000 passengers	Renumbered 5.1.4	Renumbered
<i>Reason for change: This measure has been renumbered 5.1.4</i>				
5.2.1	Major audit findings reported by the Civil Aviation Authority and internal Aviation Security Service quality audits responded to within required timeframes.	100%	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is an internal technical compliance measure</i>				
5.2.2	Security monitoring of restricted areas against regulated standards.	100% of requirements met	Renumbered 5.2.1	Renumbered
<i>Reason for change: This measure has been renumbered 5.2.1</i>				
5.2.3	Government requests for security assistance responded to.	100% of requirements met	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is an internal technical compliance measure</i>				
5.2.4	Capacity to respond to requests from Maritime NZ for security assistance.	50 qualified staff	Deleted	Deleted
<i>Reason for change: This measure has been deleted because it is an internal technical compliance measure</i>				
5.1.1	New measure	New measure	Matching passenger facilitation demand with screening capacity  Time periods where screening capacity was insufficient to meet passenger demand (95% of lane capacity exceeded)	<5%
<i>Reason for change: Additional measure to provide greater transparency about availability of lane capacity</i>				

Ref	Output Measure 2023/24	2023/24 Performance target	Changed Output Measure 2024/25	Changed 2024/25 Performance target
5.1.2	New measure	New measure	<p><i>Utilising comprehensive queue management system to match passenger facilitation demand with screening capacity</i></p> <p>Time periods where average wait time exceeds 10 minutes</p>	<5%

*Reason for change: Additional measure to provide greater transparency about wait times*

5.2.2	New measure	New measure	<p>Regular non-passenger security risk assessments performed and mitigation actions implemented</p> <ul style="list-style-type: none"> <li>• Annual risk assessment performed</li> <li>• Annual risk assessment</li> </ul>	<p>100%</p> <p>100%</p>
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*Reason for change: Additional measure to provide greater transparency about non-passenger security risk management*

# Prospective Financial Statements

## Prospective financial indicators

For the year ended 30 June

	2023/24 Estimated actual \$000	2024/25 Budget \$000
<b>CAA</b>		
Revenue	64,800	74,074
Output Expense	66,883	77,754
<b>Net surplus/(deficit)</b>	<b>(2,083)</b>	<b>(3,680)</b>
Bank and Investment balances	542	541
Net assets	18,242	17,844
Capital Expenditure	11,096	3,282
<b>AvSec</b>		
Revenue	183,719	193,458
Output Expense	188,759	199,355
<b>Net surplus/(deficit)</b>	<b>(5,040)</b>	<b>(5,897)</b>
Bank and Investment balances	2,189	2,065
Net assets	16,343	20,359
Capital Expenditure	12,159	9,913
<b>Authority</b>		
Revenue	248,510	267,523
Output Expense	255,633	277,100
<b>Net surplus/(deficit)</b>	<b>(7,123)</b>	<b>(8,039)</b>
Bank and Investment balances	2,731	2,606
Net assets	34,585	38,203
Capital Expenditure	23,255	13,195

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

## Prospective statement of comprehensive revenue and expense

For the year ended 30 June

	2023/24 Estimated actual \$000	2024/25 Budget \$000
<b>Revenue</b>		
Levies revenue	160,106	167,701
Revenue from other services	6,998	7,150
Crown funding revenue	78,519	89,464
Ministry contract revenue	1,784	2,128
Interest and other revenue	1,103	1,080
<b>Total revenue</b>	<b>248,510</b>	<b>267,523</b>
<b>Expense</b>		
Personnel costs	207,802	220,803
Other cost of services	40,905	45,956
Audit fees for financial statements	171	170
Finance costs	172	390
Depreciation and amortisation expense	6,392	9,577
Authority member costs	191	204
<b>Total expense</b>	<b>255,633</b>	<b>277,100</b>
<b>Net Surplus/(Deficit)</b>	<b>(7,123)</b>	<b>(9,577)</b>
<b>Total comprehensive revenue and expenses</b>	<b>(7,123)</b>	<b>(9,577)</b>

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

## Prospective statement of changes in equity

For the year ended 30 June

Equity	2023/24 Estimated actual \$000	2024/25 Budget \$000
<b>Opening balance of equity at 1 July</b>		
General funds	18,141	34,585
<b>Total opening balance of equity at 1 July</b>	<b>18,141</b>	<b>34,585</b>
Total comprehensive revenue and expense	(7,123)	(9,577)
Capital Contribution from Crown	23,567	13,195
<b>Total changes in equity during the year</b>	<b>16,444</b>	<b>3,618</b>
<b>Closing balance of equity at 1 July</b>		
General funds	34,585	38,203
<b>Total closing balance of equity at 1 July</b>	<b>34,585</b>	<b>38,203</b>

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

## Prospective statement of financial position

As of 30 June

	2023/24 Estimated actual \$000	2024/25 Budget \$000
<b>Current assets</b>		
Cash and cash equivalents	2,731	2,606
Debtors and other receivables	23,913	19,772
Services work in progress	273	273
<b>Total Current Assets</b>	<b>26,917</b>	<b>22,651</b>
<b>Non-current assets</b>		
Property, plant and equipment	39,140	42,575
Intangible assets	14,245	16,225
<b>Total Non-Current Assets</b>	<b>53,385</b>	<b>58,800</b>
<b>Total Assets</b>	<b>80,302</b>	<b>81,451</b>
<b>Current liabilities</b>		
Creditors and other payables	19,074	14,447
Employees entitlements	18,134	20,292
Provisions	50	50
<b>Total Current Liabilities</b>	<b>37,258</b>	<b>34,789</b>
<b>Non-current liabilities</b>		
Employees entitlements	8,084	8,084
Provisions	375	375
<b>Total Non-Current Liabilities</b>	<b>8,459</b>	<b>8,459</b>
<b>Total Liabilities</b>	<b>45,717</b>	<b>43,248</b>
<b>Net assets</b>	<b>34,585</b>	<b>38,203</b>
<b>Equity</b>		
General funds	34,585	38,203
<b>Total Equity</b>	<b>34,585</b>	<b>38,203</b>

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

## Prospective statement of cash flows

For the year ended 30 June

	2023/24 Estimated actual \$000	2024/25 Budget \$000
<b>Cashflows from an operating activities cash was provided from:</b>		
Receipts from levies	157,159	168,894
Receipts from other services	8,635	7,343
Receipts from Crown funding and Ministry contracts	78,026	91,668
Interest received	605	1,025
Receipts from other income	498	441
<b>Total</b>	<b>244,923</b>	<b>269,371</b>
<b>Cash was applied to:</b>		
Payments to employees	(204,313)	(223,574)
Payments to suppliers	(45,903)	(47,120)
Goods and Services Tax (net)	(2,121)	1,198
<b>Total</b>	<b>(252,337)</b>	<b>(269,496)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(7,414)</b>	<b>(125)</b>
<b>Cash was applied to:</b>		
Purchase of property plant and equipment	(19,109)	(9,853)
Purchase of intangible assets	(6,166)	(3,342)
<b>Total</b>	<b>(25,275)</b>	<b>(13,195)</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(25,275)</b>	<b>(13,195)</b>
<b>Cash flows from financing activities cash was provided from:</b>		
Capital Injection from Crown	23,567	13,195
<b>Total</b>	<b>23,567</b>	<b>13,195</b>
<b>Net Cash Flows from Financing Activities</b>	<b>23,567</b>	<b>13,195</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9,122)</b>	<b>(125)</b>
<b>Opening Cash And Cash Equivalents as at 1 July</b>	<b>11,853</b>	<b>2,731</b>
<b>Closing Cash And Cash Equivalents as at 30 June</b>	<b>2,731</b>	<b>2,606</b>

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



# Notes to the prospective financial statements

## Statement of significant underlying assumptions

The Authority's finances continue to be impacted by the legacy of the COVID-19 pandemic, with key revenue drivers such as passenger volumes still below pre-pandemic volumes, a postponed Funding Review, compounded by several years of higher cost inflation. As part of Budget 24, Cabinet approved continued access to Crown liquidity funding support through a \$88.97 million appropriation "Civil Aviation Authority - Core Function" to ensure the Authority's core functions can continue to be delivered despite third party revenue funding shortfalls.

The Authority's capital expenditure budget for the 2024/25 financial year continues to be funded from a \$113.2 million capital multi-year appropriation approved in Budget 21 to fund AvSec's screening equipment, replace CAA's regulatory technology platform, and other critical regulatory and aviation security infrastructure. This appropriation expires on 30 June 2026.

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

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

- The combined prospective financial statements for the safety and security activities of the Authority; and
- Separate prospective financial statements for each of the Authority's safety and security regulatory activities.

This is in accordance with the Civil Aviation Act 1990, which requires the Authority to maintain separate accounts, records, and reports for the Aviation Security Service.

### Projected passenger numbers

Forecasting revenue from passenger safety and security levies, based on domestic and international passenger volumes, remains particularly challenging. Such uncertainties also impact domestic volumes, given domestic flights taken by overseas visitors, and passengers flying domestically to connect to international flights.

International volumes are assumed to be 94% on average of pre-COVID levels across the full financial year, aligned with the June 2024 Border Executive Board forecast. Domestic volumes are assumed to be 90% of pre-COVID 19 levels across the full financial year.

Should actual passenger volumes increase during the year, any consequent increase in passenger safety levy income would result in a reduction in the amount of Crown funding required from the COVID-19 related appropriation.

Passenger Numbers	2024 Estimated actual	2025
Safety Levies: Domestic	12,577,551	<b>12,516,230</b>
Security Levies: Domestic	7,209,373	<b>6,850,854</b>
Safety Levies: International	5,835,392	<b>6,496,334</b>
Security Levies: International (includes international transit)	6,211,474	<b>6,900,910</b>

A 10% movement in domestic and international passenger volumes would have an estimated impact on projected revenues depicted in the following table:

Revenue	2024 Estimated actual	2025
Safety Levies: Domestic	\$2,012,408	<b>\$2,002,597</b>
Security Levies: Domestic	\$4,736,558	<b>\$4,501,011</b>
Safety Levies: International	\$933,663	<b>\$1,039,413</b>
Security Levies: International (includes international transit)	\$8,149,454	<b>\$9,053,994</b>

### Revenue 2023/24 and 2024/25

Revenue	2024 Estimated actual \$000	2025 Budget \$000
Levies revenue	128,860	<b>135,550</b>
Revenue from other services	1,981	<b>1,948</b>
Crown funding revenue	52,072	<b>55,120</b>
Interest and other revenue	806	<b>840</b>
<b>Total revenue</b>	<b>183,719</b>	<b>193,458</b>

AvSec's domestic passenger security levies are based upon departing passengers carried on jet aircraft with 90 or more passengers on each domestic sector. CAA'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.

## CAA

*Passenger safety levy revenue*

Revenue	2024 Estimated actual \$000	2025 Budget \$000
Levies revenue	31,246	32,151
Revenue from other services	5,026	5,211
Crown funding revenue	26,447	34,344
Ministry contract revenue	1,784	2,128
Interest and other revenue	297	240
<b>Total revenue</b>	<b>64,800</b>	<b>74,074</b>

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 preceding passenger numbers table.

The 2024/25 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 privileges pay a domestic passenger levy of \$1.57 (GST exclusive).

Operations safety levies apply to commercial aviation operations i.e. agricultural, adventure, freight- only and those that carry fewer than 20,000 passengers per annum.

*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. This levy was last set in 2017.

*Expenditure*

The 2024/25 budget has been set at a level that will enable our regulatory activities to deliver core functions and meet expectations around being intelligence led and be able to address issues arising from new aviation technologies. It also includes funding to deliver several projects, including the implementation of the Civil Aviation Act 2023.

*Operating surpluses/deficits*

The \$3.7 million projected deficit in 2024/25 shown in the Prospective Statement of Comprehensive Revenue and Expense on page 52 will arise as the Crown liquidity funding appropriation does not fund depreciation and amortisation (a non-cash expenditure). The funding of such expenditure from the Crown appropriation would otherwise -establish a capital asset replacement reserve.

## AvSec

### *Passenger security levies*

Passenger security levies have been estimated based on the projections of security screened domestic and international passenger volumes stated in the tables on page 42.

The 2024/25 budget has been set based on a rate of \$6.57 (GST exclusive) for domestic passengers and \$13.12 (GST exclusive) for international passengers (including transit passengers). This levy was last set in 2019.

### *Contracted services revenue*

AvSec receives revenue from security services work provided to third parties. Revenue from these services is assumed to stay marginally in line with the 2023/24 year based on the projected aviation activity.

### *Expenditure*

The 2024/25 budget has been set at a level that will enable AvSec to efficiently process the projected recovery of passenger volumes. It also includes AvSec's share of costs noted above for the implementation of the Civil Aviation Act 2023.

### *Operating surpluses/deficits*

The \$5.9 million projected deficit in 2024/25 shown in the Prospective Statement of Comprehensive Revenue and Expense on page 52 will arise as the Crown liquidity funding appropriation does not fund depreciation and amortisation (a non-cash expenditure). The funding of such expenditure from the Crown appropriation would otherwise -establish a capital asset replacement reserve.

## Statement of accounting policies

### Reporting entity

The Authority was established under the Civil Aviation Act 1990 as a Crown Entity on 10 August 1992, and is owned by the Crown. 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 safety and security regulatory function of the Authority (CAA) and the separate regulatory Aviation Security Service (AvSec).

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 legacy of the COVID-19 pandemic continues to have a significant impact, both on aviation in New Zealand and the operations of the Authority. Levies from departing passengers normally account for approximately 90% of the Authority's revenue, and as noted above these are yet to fully recover. In addition, pricing reviews originally scheduled for 2019 (for CAA) and 2022 (for AvSec) were deferred due to the pandemic. This delay has also been exacerbated by significant cost-inflationary increases experienced in recent years that arose as a consequence of the economic decisions taken during the pandemic.

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 after 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 evaluation 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.

### Presentation currency and rounding

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 on airlines based on departing international passenger volumes and domestic sectors travelled by passengers.
- Fees and charges for CAA and AvSec 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.

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.

### **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.

Short-term receivables are recorded at the amount due, less an allowance for credit losses. The Authority applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

### *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.

### **Other financial liabilities**

#### *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.

### **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.

### **Services 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 less any accumulated depreciation and impairment losses.



### 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 \$2,500.

### 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 that are 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're 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:

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%

### 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.

### 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.

#### 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) because 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 into the following components:

- **General Funds**
- **Property plant and equipment revaluation reserve:**  
This reserve relates to the revaluation of property, plant and equipment to fair value
- **Passenger security levies and other fees and charges reserves:**  
This reserve relates to the accumulated surpluses/deficits arising from the recovery of costs relating to passenger security activities
- **Passenger safety reserves:**  
This reserve relates to the accumulated surpluses/deficits arising from the different funding sources relating to safety and regulatory activities.

## Cost allocation

### *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 CAA, 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 AvSec 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 CAA and AvSec was established from 7 November 2011. The costs arising in each shared services group 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 CAA and AvSec 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 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.

# Additional prospective financial information

## Prospective statement of comprehensive revenue and expense

For the year ended 30 June

	CAA		AvSec		Authority	
	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000
<b>Revenue</b>						
Levies revenue	31,246	32,151	128,860	135,550	160,106	167,701
Revenue from other services	5,026	5,211	1,981	1,948	6,998	7,150
Crown funding revenue	26,447	34,344	52,072	55,120	78,519	89,464
Ministry contract revenue	1,784	2,128	-	-	1,784	2,128
Interest and other revenue	297	240	806	840	1,103	1,080
<b>Total revenue</b>	<b>64,800</b>	<b>74,074</b>	<b>183,719</b>	<b>193,458</b>	<b>248,510</b>	<b>267,523</b>
<b>Expense</b>						
Personnel costs	63,466	68,576	144,336	152,227	207,802	220,803
Other cost of services	1,336	5,124	39,578	40,841	40,905	45,956
Audit fees for financial statements	171	170	-	-	171	170
Finance costs	-	-	172	390	172	390
Depreciation and amortisation expense	1,719	3,680	4,673	5,897	6,392	9,577
Authority member costs	191	204	-	-	191	204
<b>Total expense</b>	<b>66,883</b>	<b>77,754</b>	<b>188,759</b>	<b>199,355</b>	<b>255,633</b>	<b>277,100</b>
<b>Net Surplus/(Deficit)</b>	<b>(2,083)</b>	<b>(3,680)</b>	<b>(5,040)</b>	<b>(5,897)</b>	<b>(7,123)</b>	<b>(9,577)</b>
<b>Total comprehensive revenue and expenses</b>	<b>(2,083)</b>	<b>(3,680)</b>	<b>(5,040)</b>	<b>(5,897)</b>	<b>(7,123)</b>	<b>(9,577)</b>

## Prospective statement of changes in equity

For the year ended 30 June

	CAA		AvSec		Authority	
	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000
<b>Equity</b>						
<b>Opening Balance of Equity at 1 July</b>						
General funds	9,229	18,242	8,912	16,343	18,141	34,585
<b>Total opening balance of equity at 1 July</b>	<b>9,229</b>	<b>18,242</b>	<b>8,912</b>	<b>16,343</b>	<b>18,141</b>	<b>34,585</b>
Total comprehensive revenue and expense	(2,083)	(3,680)	(5,040)	(5,897)	(7,123)	(9,577)
Capital Contribution from Crown	11,096	3,282	12,471	9,913	23,567	13,195
<b>Total changes in equity during the year</b>	<b>9,013</b>	<b>(398)</b>	<b>7,431</b>	<b>4,016</b>	<b>16,444</b>	<b>3,618</b>
<b>Closing balance of taxpayers' equity at 30 June</b>						
General Funds	18,242	17,844	16,343	20,359	34,585	38,203
<b>Total closing balance of taxpayers' equity at 30 June</b>	<b>18,242</b>	<b>17,844</b>	<b>16,343</b>	<b>20,359</b>	<b>34,585</b>	<b>38,203</b>

## Prospective statement of financial position

For the year ended 30 June

	CAA		AvSec		Authority	
	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000
<b>Current assets</b>						
Cash and cash equivalents	542	541	2,189	2,065	2,731	2,606
Debtors and other receivables	5,268	5,496	19,776	15,377	23,913	19,772
Services Work in Progress	273	273	-	-	273	273
<b>Total current assets</b>	<b>6,083</b>	<b>6,310</b>	<b>21,965</b>	<b>17,442</b>	<b>26,917</b>	<b>22,651</b>
<b>Non-current assets</b>						
Property, plant and equipment	4,954	4,362	34,186	38,213	39,140	42,575
Intangible assets	14,030	16,021	215	204	14,245	16,225
<b>Total non-current assets</b>	<b>18,984</b>	<b>20,383</b>	<b>34,401</b>	<b>38,417</b>	<b>53,385</b>	<b>58,800</b>
<b>Total assets</b>	<b>25,067</b>	<b>27,979</b>	<b>56,366</b>	<b>55,859</b>	<b>80,302</b>	<b>81,451</b>
<b>Current Liabilities</b>						
Creditors and other payables	2,703	4,589	17,502	10,959	19,074	14,447
Employees entitlements	3,438	3,576	14,696	16,716	18,134	20,292
Provisions	50	50	-	-	50	50
<b>Total current liabilities</b>	<b>6,191</b>	<b>8,215</b>	<b>32,198</b>	<b>27,675</b>	<b>37,258</b>	<b>34,789</b>
<b>Non-Current Liabilities</b>						
Employees entitlements	359	359	7,725	7,725	8,084	8,084
Provisions	275	275	100	100	375	375
<b>Total non-current liabilities</b>	<b>634</b>	<b>634</b>	<b>7,825</b>	<b>7,825</b>	<b>8,459</b>	<b>8,459</b>
<b>Total liabilities</b>	<b>6,825</b>	<b>8,849</b>	<b>40,023</b>	<b>35,500</b>	<b>45,717</b>	<b>43,248</b>
<b>Net assets</b>	<b>18,242</b>	<b>17,844</b>	<b>16,343</b>	<b>20,359</b>	<b>34,585</b>	<b>38,203</b>
<b>Equity</b>						
General funds	18,242	17,844	16,343	20,359	34,585	38,203
<b>Total equity</b>	<b>18,242</b>	<b>17,844</b>	<b>16,343</b>	<b>20,359</b>	<b>34,585</b>	<b>38,203</b>

## Prospective statement of cash flows

For the year ended 30 June

	CAA		AvSec		Authority	
	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000
<b>Cash Flows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Receipts from Levies	28,299	31,200	128,860	137,694	157,159	168,894
Receipts from Passenger security charges and other services	6,663	5,502	1,981	1,850	8,635	7,343
Receipts from Crown funding and Ministry contracts	28,231	36,548	49,795	55,120	78,026	91,668
Interest received	185	185	420	840	605	1,025
Receipts from other income	112	441	386	-	498	441
<b>Total</b>	<b>63,490</b>	<b>73,876</b>	<b>181,442</b>	<b>195,504</b>	<b>244,923</b>	<b>269,371</b>
<b>Cash was applied to:</b>						
Payments to employees	(59,977)	(73,536)	(144,336)	(150,038)	(204,313)	(223,574)
Payments to suppliers	(6,335)	(1,025)	(39,577)	(46,104)	(45,903)	(47,120)
Goods and Services Tax (net)	625	684	(2,746)	514	(2,121)	1,198
<b>Total</b>	<b>(65,687)</b>	<b>(73,877)</b>	<b>(186,659)</b>	<b>(195,628)</b>	<b>(252,337)</b>	<b>(269,496)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>(2,197)</b>	<b>(1)</b>	<b>(5,217)</b>	<b>(124)</b>	<b>(7,414)</b>	<b>(125)</b>
<b>Cash was applied to:</b>						
Purchase of property plant and equipment	(4,953)	-	(14,156)	(9,853)	(19,109)	(9,853)
Purchase of intangible assets	(6,143)	(3,282)	(23)	(60)	(6,166)	(3,342)
<b>Total</b>	<b>(11,096)</b>	<b>(3,282)</b>	<b>(14,179)</b>	<b>(9,913)</b>	<b>(25,275)</b>	<b>(13,195)</b>
<b>Net Cash Flows from Investing Activities</b>	<b>(11,096)</b>	<b>(3,282)</b>	<b>(14,179)</b>	<b>(9,913)</b>	<b>(25,275)</b>	<b>(13,195)</b>
<b>Cash Flows from Financing Activities</b>						
<b>Cash was provided from:</b>						
Capital Injection from Crown	11,096	3,282	12,471	9,913	23,567	13,195
<b>Total</b>	<b>11,096</b>	<b>3,282</b>	<b>12,471</b>	<b>9,913</b>	<b>23,567</b>	<b>13,195</b>
<b>Net Cash Flows from Financing Activities</b>	<b>11,096</b>	<b>3,282</b>	<b>12,471</b>	<b>9,913</b>	<b>23,567</b>	<b>13,195</b>
Net increase/decrease in cash and cash equivalents	(2,197)	(1)	(6,925)	(124)	(9,122)	(125)
<b>Opening cash and cash equivalents at 1 July</b>	<b>2,739</b>	<b>542</b>	<b>9,114</b>	<b>2,189</b>	<b>11,853</b>	<b>2,731</b>
<b>Closing Cash &amp; Cash Equivalents at 30 June</b>	<b>542</b>	<b>541</b>	<b>2,189</b>	<b>2,065</b>	<b>2,731</b>	<b>2,606</b>

## Prospective reconciliation of equity: CAA

For the year ended 30 June

	Fixed Fee	Hourly Charges	Other (Vote Transport & MOT Contract)	General Funds (including Levies)	Total
<b>2024/25 Budget \$000</b>					
Revenue	1,779	3,047	5,948	63,301	74,074
Expenditure	(8,704)	(11,995)	(13,423)	(43,633)	(77,754)
<b>Net surplus / (deficit)</b>	<b>(6,925)</b>	<b>(8,948)</b>	<b>(7,475)</b>	<b>19,668</b>	<b>(3,680)</b>
Opening balance at 1 July	-	-	-	18,242	18,242
Transfer (from) to other reserves	6,925	8,948	7,475	(23,348)	-
Capital Contributions from the Crown	-	-	-	3,282	3,282
<b>Closing Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,844</b>	<b>17,844</b>
<b>2023/24 Estimated Actual \$000</b>					
Revenue	1,898	3,129	9,015	50,758	64,800
Expenditure	(7,487)	(10,318)	(11,546)	(37,532)	(66,883)
<b>Net surplus / (deficit)</b>	<b>(5,589)</b>	<b>(7,189)</b>	<b>(2,531)</b>	<b>13,226</b>	<b>(2,083)</b>
Opening balance at 1 July	-	-	-	9,229	9,229
Transfer (from) to other reserves	5,589	7,189	2,531	(15,309)	-
Capital Contributions from the Crown	-	-	-	11,096	11,096
<b>Closing Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,242</b>	<b>18,242</b>



## Prospective reconciliation of equity: AvSec

For the year ended 30 June

	Total Passenger Security Reserves	Other Fees/ Reserves	Total Specific Reserves	General Funds
<b>2024/25 Budget \$000</b>				
Revenue	129,948	2,933	132,881	60,577
Expenditure	(196,422)	(2,933)	(199,355)	-
<b>Net surplus / (deficit)</b>	<b>(66,474)</b>	<b>-</b>	<b>(66,474)</b>	<b>60,577</b>
Opening balance at 1 July	-	-	-	16,343
Transfer (from) to other reserves	66,474	-	66,474	(66,474)
Capital Contributions from the Crown	-	-	-	9,913
<b>Closing Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,359</b>
<b>2023/24 Estimated Actual \$000</b>				
Revenue	128,860	2,932	131,792	51,927
Expenditure	(185,828)	(2,932)	(188,760)	1
<b>Net surplus / (deficit)</b>	<b>(56,968)</b>	<b>-</b>	<b>(56,968)</b>	<b>51,928</b>
Opening balance at 1 July	-	-	-	8,912
Transfer (from) to other reserves	56,968	-	56,968	(56,968)
Capital Contributions from the Crown	-	-	-	12,471
<b>Closing Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,343</b>

## Prospective reconciliation of equity: capital expenditure

For the year ended 30 June

	CAA		AvSec	
	2024 Estimated actual \$000	2025 Budget \$000	2024 Estimated actual \$000	2025 Budget \$000
<b>Proposed Capital Expenditure</b>				
Computer hardware	141	-	260	120
Computer software	6,610	3,282	53	60
Plant & equipment	-	-	10,924	8,993
Office Equipment	-	-	3	-
Furniture & fittings	-	-	656	506
Motor vehicles	-	-	-	-
Leasehold Improvements	4,345	-	263	234
<b>Total</b>	<b>11,096</b>	<b>3,282</b>	<b>12,159</b>	<b>9,913</b>

