

2023 | Annual 2024 | Report



Board statement

This Annual Report has been prepared in accordance with:

- Section 38A of the Third Schedule to the *Civil Aviation Act 1990* and
- Section 150 of the *Crown Entities Act 2004*.

I provide this Annual Report on the performance of the Civil Aviation Authority of New Zealand for the financial year 1 July 2023 to 30 June 2024.



Mark Darrow Chair of the Civil Aviation Authority of New Zealand 31 October 2024



Keith Manch Director of Civil Aviation and Chief Executive of the Civil Aviation Authority 31 October 2024

Statement from the General Manager, Aviation Security Service

This Annual Report separately identifies all financial and performance matters relating to the Aviation Security Service in accordance with Section 38A of the Third Schedule to the Civil Aviation Act 1990. These matters are presented in the body of the report.



Mark Wheeler General Manager, Aviation Security Service 31 October 2024

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From the Director of Civil Aviation and Chief Executive of the Civil Aviation Authority

Kia ora koutou katoa

Aviation is critical to New Zealand

New Zealand relies on aviation, more so than many other countries. We are geographically remote and need strong connections to the rest of the world, and within our islands, to support our economy and social connections. Aviation is a critical transport mode for trade, tourism and moving high-value and essential products that must reach markets in a timely way. Additionally, emerging aviation and aerospace opportunities have significant economic potential for New Zealand.

Fit for purpose regulatory frameworks, appropriately resourced regulatory capability, and professional regulatory delivery that meet International Civil Aviation Organization (ICAO) requirements are foundations for a successful aviation and aerospace system.

This report outlines the work of the Authority in 2023/24, where we have maintained a critical focus on safety and security, while modernising our regulatory approach, facilitating innovation and enabling sustainable aviation activity, to support the delivery of the social and economic benefits of aviation.

Themes

Aviation's recovery to near pre-pandemic levels of activity has tested all elements of the system including airports, operators and the Authority.

There's been a dramatic increase in the development of new aviation and aerospace technologies, and concerns about the environmental impact of using carbon-based aviation fuel. This has raised complex questions about infrastructure, fuel systems, use of airspace, and regulatory assessment processes for novel aviation systems and operations.

The Authority, in its role as New Zealand's civil aviation regulator, is part of the wider aviation system, made up of organisations providing services such as air traffic services, information publications, navigation systems, meteorology, and the physical infrastructure they use. A programme called the Air System Navigation Review was undertaken by the Ministry of Transport in 2022/23 to ensure New Zealand has a fit for purpose air navigation system in the medium- to long-term. The Review was tasked with considering the environmental, social, economic, resilience and national security elements of the system.

This was an important review of the factors making up our operating environment, and one of its first actions was the establishment of an Interim Aviation Council. The establishment of this Council provides an overdue opportunity for more system wide and future focused thinking and shaping about the future of aviation from a strategy, policy, and delivery perspective.

How we responded

We have kept a focus on our core vision and purpose - *A safe and secure aviation system, so people are safe, and feel safe, when they fly* - and emphasising actions to improve the efficiency and effectiveness of our work - especially in respect to security delivery and safety certification. This recognises that effective and efficient regulatory activity adds value to aviation activity and enables the success of operators. This has included:

- A one-organisation approach, for maximum collective impact.
- Clarity about our values - initially developed to guide our internal behaviours and relationships, and now central to our approach as a regulator.
- Remaining clear about our strategic pathways:
 - Provide leadership, and influence across the aviation system,
 - take an active role in regulatory stewardship, and
 - deliver professional regulatory practice.
- Focussing on effectiveness and cost efficiency as part of working to be a modern, intelligence-led, risk-based regulator.

Our strategic pathways

Leadership and influence

We have continued to emphasise engagement with industry groups as we seek to lead and influence the delivery of safety and security outcomes with representative bodies and aviation sector participants. Examples are the Emerging Aviation Technology Forum, the Aviation Community Advisory Group, the Security Stewardship Group, the Aviation Industry meeting series (mainly security focused) and the Part 149 (Sport and Recreation) Forum.

Strong engagement has continued with airports, airlines, and representative bodies to support a common focus on safety and security culture and outcomes.

Internationally we have strengthened connections with our regional and international counterparts. The sharing of knowledge and experience and being able to actively participate in forums that shape global aviation policies is vital given our geographical location. Having global policies that facilitate aviation activity in, from and to New Zealand support the important role aviation plays in New Zealand's success.

Regulatory Stewardship

The most significant stewardship activity this year was getting ready for the implementation of the new Civil Aviation Act 2023. The Authority and Ministry of Transport are together implementing the Act. Senior managers from both organisations continue to operate an inter-agency steering group to ensure alignment and a smooth transition. CAA's responsibility is to deliver statutory requirements and operational changes. Work is progressing at pace, and we are on track to deliver.

A notable milestone this year was the formal closure of the New Southern Sky (NSS) programme, which was delivered by sustained collaboration at every level of the aviation system for a decade, led by the Authority's NSS programme team. The NSS programme delivers significant benefits to New Zealand's aviation system and economy. The final NSS benefits evaluation report was briefed to stakeholders in March 2024.

Professional Regulatory Practice

Safety

Certification and licensing activities continued to be under pressure in 2023/24. The Authority is analysing its processes and making changes to address timeliness and cost efficiency.

We maintained oversight of the aviation system by monitoring flight activity, undertaking surveillance, auditing operators, analysing data, and identifying and managing risk. This includes administering the provisions of the Health and Safety at Work Act 2015 for aircraft in operation. The work programme for 2023/24 comprised a mix of comprehensive monitoring programmes for large airlines, sector programmes targeting a specific industry function or area of activity and inspections of individual participants.

A campaign called Work Together, Stay Apart was launched in April 2023. The campaign is focused on Airborne Conflict at unattended aerodromes. The safety campaign is the first of its kind at this scale in New Zealand. Operating alongside business-as-usual safety education, inspections and industry guidance, the campaign is a coordinated set of activities targeted at increasing shared understanding of standardised procedures among pilots, improving aerodrome management and safety, and collaborating with operators to promote best practice.

Our Emerging Technologies Unit (ETU) has been operational for 15 months. In this period the ETU formally assisted 12 operators to find an entry-point into aviation regulation and/or conduct collaborative pre decision making planning for future regulatory applications and many other innovators have been provided with informal advice. The ETU supported the reduced and zero emissions projects. Facilitating engagement between operators and regulatory decision making to drives improved timeliness and reduced cost.

Security

ICAO conducted a scheduled security audit in 2022. Its end-of-audit report highlighted that New Zealand's overall compliance was of a high standard and had improved. As expected, there were findings to strengthen performance. In response, the Authority developed a corrective action plan which reinforced our existing security programme. Our action plan included extensive collaboration and communication with industry and saw increased levels of performance at airports and within the secure supply chain.

As part of their review of our corrective actions, ICAO noted the professionalism, transparency and progress that had been made and, in January 2024, advised that it was satisfied with our approach and no longer required separate reporting on our progress. Most of the corrective actions were progressed quickly, other improvements will continue as part of our overall multiyear programme.

CAA continued to review security certification and monitoring to ensure that it focusses on areas of greatest risk. This aligns with our Regulatory Safety and Security Strategy, and ICAO's strategic priorities. Monitoring of participants' aviation security risk assessments ensured they appropriately encompassed threats, likelihood, consequences, and vulnerabilities.

A risk-based approach to monitoring enables us to take a more considered approach to ensure participants comply with core regulatory requirements.

In the past twelve months CAA assessed amendments to 55 security certificates (including senior person changes), undertook two suspensions of regulated air cargo agents (RACAs) not performing to the required standards, and prosecuted two RACAs, the first since the introduction of the RACA regime in 2008.

An Authority-wide taskforce continued to examine the causes of security screening queues at airports, in collaboration with airlines, airport operators and other government border agencies. Actions have included fine-tuning AvSec resource allocation to address known busy times without compromising security outcomes and looking more widely at airport operational factors, such as where schedule concentration or disruption causes queues. This work has been productive, and although queues will continue to happen due to weather and other factors, our information, planning, and communication channels have improved.

We continued the introduction of new security technology, such as advanced imaging using computed tomography screening technology at our major airports. This new technology brings with it more effective and timely screening activity.

As these technologies are introduced and mature, they will improve the effectiveness of security screening, with efficiency benefits coming as our Aviation Security Officers and passengers become used to them.

In both our safety and security work, the ongoing development of an intelligence led, risk-based approach will enable us to focus systematically on the areas of greatest risk by making a deeper assessment of participants performance against critical requirements, without unnecessary delays in issuing certificates. The corollary of this is that areas of lower risk, where operators are managing that risk effectively will be subject to a reduced regulatory burden.

Developing our organisation

Key areas of capability development during the year aimed to ensure we have the right people, resources, and systems to support us to operate effectively and efficiently as a safety and security regulator.

A review of our investigation function was undertaken to support timely, impartial investigations, focused on supporting system improvement in accordance with the public interest, including operating according to just culture principles.

We undertook two over-arching organisational self-assessments to identify areas of systems, practice and structure for focus and investment. The first of these is a regulatory capability review which assesses the Authority's regulatory capability against a maturity model. The second is the Mahi Tahi Review, which is an assessment against a set of workforce design principles, looking at how we work, and how we are organised to deliver our core functions. These reviews are providing rich information of our current state to help drive improvement in the way we work.

During the review we shared our work with industry bodies we engage with, and the Ministry of Transport, Public Service Commission and the Ministry of Regulation. We also obtained an independent peer review from David Smol. Mr Smol reviewed the regulatory capability review framework process, and the findings themselves.

People

Our people related activities this year concentrated on attracting and securing quality people, investing in them to aid retention and lift capability, and identifying longer-term workforce needs. We continued to embed and build on our culture development to ensure the Authority's long-term future as a respectful, inclusive, and safe place to work.

Resources

The Authority's resources continue to be subject to the residual financial impact of the measures needed to maintain our activities during the COVID-19 pandemic. Government provided financial assistance to help to address the revenue shortfall, generally framed by activity and cost levels that predated the COVID-19. The effect of the Authority having no reserves (which were required to be exhausted prior to the government providing financial assistance) challenged our ability to cope with fluctuations in demand for regulatory activity. Nevertheless, during the year the Authority balanced short-term responses to current challenges with capability building to address medium- and longer-term issues.

Looking to the future, we are undertaking a limited-scope pricing review to return the Authority to financial self-sustainability by 1 July 2025. This review will be a major milestone, after working over two years with four ministers, signalling the Authority's return to the financial arrangements as originally designed for Crown entities. This will support us to invest in capability to drive effectiveness and efficiency in the way we deal with new challenges and opportunities as they emerge.

The pricing review will set the funding arrangements for the following two years, during which a first principles review of resourcing will be undertaken in conjunction with the Ministry of Transport.

Systems

We continued to implement our new core regulatory technology platform (called Kapua). In October 2023, the first component of the new Kapua technology, and an online web portal, was implemented. This portal enables pilots, flight crew, maintenance engineers, and air traffic controllers to register, apply securely online for their licences and track the status of their application. There was a successful uptake in online applications, with over 2200 participants registered.

Development will continue to move the remaining regulatory processes onto the new platform by the end of 2024. These include medical, organisation, aircraft registration and type certification, improved web forms for the reporting of occurrences, and extended functionality to include the submission of some medical documents, when requested.

In conclusion, I acknowledge our people for the efforts made through a demanding year with many uncertainties and high expectations in the way we operate. I have seen a commitment to operating to our values and maintaining a focus on delivering aviation safety and security for the benefit of all those who use, and work in, aviation.



A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Keith Manch
Director of Civil Aviation
and Chief Executive of the
Civil Aviation Authority

Introduction



The Authority

The Authority has a key role in the aviation system

We're the government's primary civil aviation safety and security regulator. We control the entry of people and organisations into the aviation system and make sure they have the skills, qualifications, and systems to operate safely. We do this through regulatory activities such as licensing people, including pilots and air traffic controllers, and certificating organisations. We also control which aircraft, equipment, and flight systems can be used in New Zealand, ensuring they are airworthy.

We maintain oversight of the aviation system by monitoring flight activity, undertaking surveillance, auditing operators, analysing data, and identifying and managing risk. This includes administering the provisions of the Health and Safety at Work Act 2015 (HSWA) for aircraft in operation. Where safety issues are identified, we work with operators to make improvements to their systems.

We represent New Zealand internationally on aviation safety and security matters, and provide advice and support to the Ministry of Transport and the Minister of Transport on aviation and security policy.

New Zealand has an active role in ICAO, represented by the Director of Civil Aviation. The Authority also takes a leading role in other international aviation activity including support to Pacific nations.

We influence and improve people's behaviour in the aviation system by engaging with them, providing safety and technical advice, and running educational programmes. We ensure compliance with the aviation rules and laws by investigating occurrences – including complaints, accidents and deaths – and, although rare, taking enforcement action where appropriate.

We regulate key aspects of security in the aviation system, including oversight to make sure that required security standards are met. This includes our Aviation Security Service (AvSec) which supports security through passenger and non-passenger screening, behavioural detection teams, explosive detector dog teams, and perimeter patrols at six security-designated airports.

Funding pressures

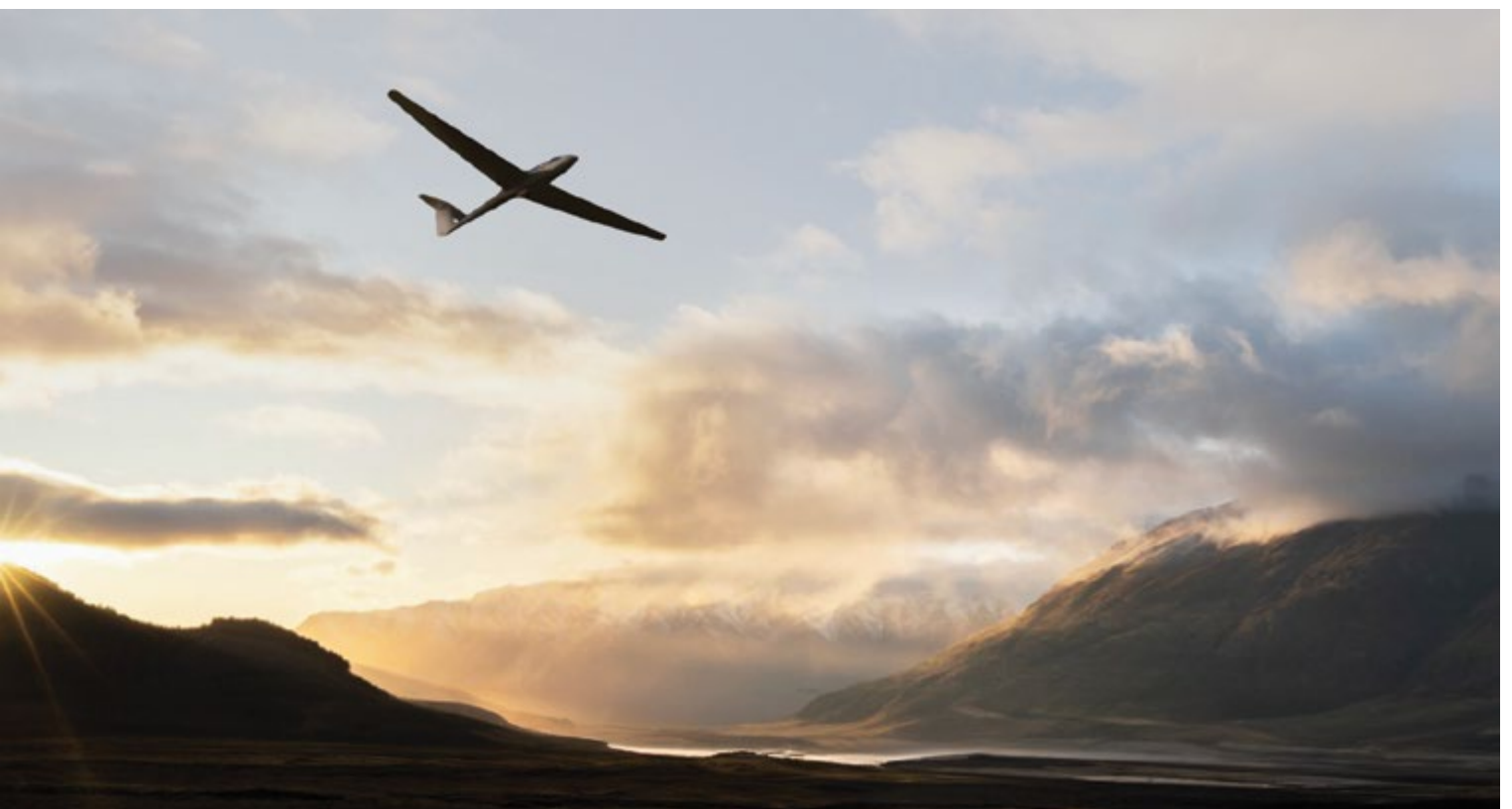
It's important that the Authority has the resources to do its job. Our fees, levies and charges are out-of-date, and no longer reflect the costs of our regulatory activity.

The dramatic reduction in revenue during the COVID-19 pandemic, combined with the requirement to exhaust reserves prior to receiving government funds and continued financial uncertainty, has made the Authority less resilient to challenges. The Authority is uncertain about funding beyond the short term, and is without reserves to manage shocks and increasing demands. This period of reduced revenue has coincided with increasing ministerial and government priorities, and sustained high demand for regulatory activities, as aviation businesses adjust to the post-COVID-19 world. The range of regulatory activities has also become more complex.

Since 2020, the government has been funding shortfalls in revenue to mitigate challenges we faced during the COVID-19 pandemic and the increased costs of regulatory activity. The government will no longer provide financial support to the Authority beyond 30 June 2025, meaning we must return to financial self-sufficiency as soon as possible and no later than 1 July 2025.

We must identify ways to increase our income so we can continue to provide the regulatory activities that ensure our skies are safe and secure. We're undertaking a limited-scope pricing review to return the Authority to financial self-sustainability by 1 July 2025. No new funding mechanisms will be proposed. A second stage (first principles) review will be undertaken subsequently, which will look at the funding model more broadly.

We're aware any increases in fees, levies and charges come at a time when aviation businesses are facing cost increases in other areas. We are committed to keeping these cost increases as low as possible while continuing to ensure aviation safety and security.



Our organisation

The Authority has over 1,900 people working to keep the aviation system safe and secure. The majority (79 percent) work directly on the frontline, either in security-designated airports as part of AvSec, or as part of the safety function.

2023/24 by the numbers



* The 2024 count is of individuals with active licences.
The 2023 count is of the number of active licences (an individual can hold more than one active licence type).



Governance and leadership

Our Board

The Authority is governed by a Board, appointed by the Minister of Transport, to guide and direct the organisation in setting and meeting its strategic objectives, managing risks, and meeting performance expectations. The Board holds the Authority's executive leadership to account, and has statutory functions set out in the Crown Entities Act 2004 and the Civil Aviation Act 1990.

Board members during the reporting period were: Janice Fredric (Chair), Steve Haszard (Deputy Chair), Jill Hatchwell (Temporary Deputy Chair from October 2023), Hon. Harry Duynhoven, QSO, Charles Spillane, and Alma Hong. Steve Haszard resigned in October 2023. Louise Pengelly joined the Board as an observer in October 2023 as part of the Future Director Programme.

Subsequent to the reporting period, the Board was refreshed in July 2024 and now comprises Mark Darrow (Chair), Darin Cusack (Deputy Chair), Jill Hatchwell, Charles Spillane, Louise Pengelly, Simon Craddock and Terry Murdoch.

The Board operates two committees to assist it to discharge its governance responsibilities.

Authority Board



Mark Darrow
Chair



Darin Cusack
Deputy Chair



Jill Hatchwell



Charles Spillane



Louise Pengelly



Simon Craddock



Terry Murdoch

Audit, Risk and Assurance Committee (ARAC)

The Audit, Risk and Assurance Committee is chaired by Jill Hatchwell. The ARAC assists the Board in ensuring oversight of all matters relating to the financial management, accounting, audit, reporting and risk management of the Authority.

People, Health, Safety and Wellbeing Committee (PHSW)

The PHSW Committee is chaired by Charles Spillane and assists the Board in exercising governance over all matters relating to the Authority's people, and their health, safety and wellbeing.

Our leadership team

The Chief Executive - who is also the Director of Civil Aviation - and the General Manager of the Aviation Security Service have statutory functions:

- The Chief Executive is accountable for the exercise of functions under the Civil Aviation Act 1990, the Crown Entities Act 2004 and the Health and Safety at Work Act 2015. As the Director of Civil Aviation, this person also makes independent decisions about aviation documents, medical certificates, exemptions, and safety and security regulatory interventions.
- The Board delegates responsibility and authority relating to the performance of the Aviation Security Service to the General Manager of the Aviation Security Service.

The Authority Leadership Team (ALT) is our most senior leadership group, charged with making sure the Authority performs well and is effective. The leadership team is organised to make sure that the safety and security parts of the organisation are represented at the top level and that the Authority is led and managed as a single entity.

The Authority Leadership Team



Keith Manch
Director of Civil Aviation and
Chief Executive of the Civil
Aviation Authority



Mark Wheeler
General Manager, Aviation
Security Service



John Kay
Deputy Chief Executive, System
and Practice Design



David Harrison
Deputy Chief Executive,
Aviation Safety



Mike Hill
Deputy Chief Executive, Aviation
Security and Infrastructure



Andrea Cooke
Deputy Chief Executive,
People Group



Mark Davis
Deputy Chief Executive,
Corporate Services



Dean Winter
Deputy Chief Executive, Strategy,
Governance, Risk, and Assurance



Graham Purver
Executive Group Manager,
Aviation Security Service

The aviation system

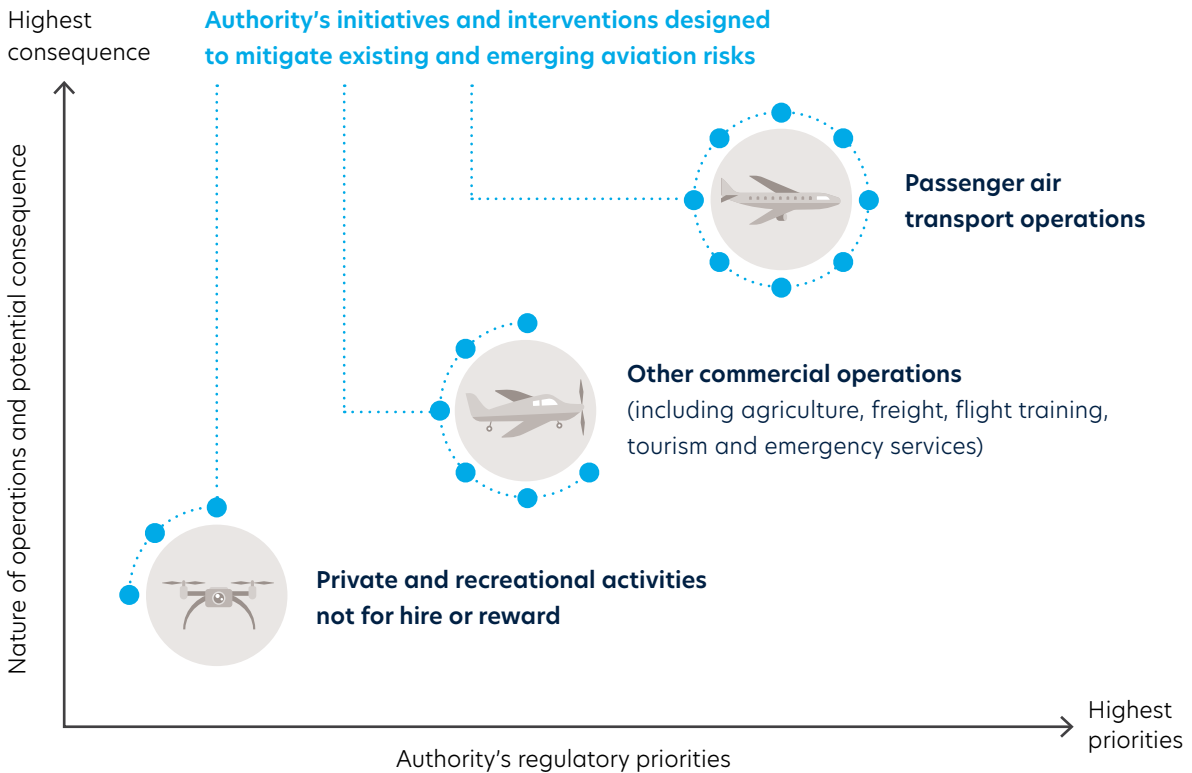
Aviation is part of a wider transport system moving people and goods over land, sea, and in the air. New Zealand is also part of the global aviation network.

A safe and secure civil aviation system is essential to support New Zealand’s economic prosperity. With our geographical location, most of travel to and from New Zealand is by air. Our tourism industry, in particular, is heavily dependent on international air travel. Domestically, we rely on aviation for emergency services, agriculture, tourism, freight and air travel. Our international and domestic supply chains move large volumes of cargo by air.

Aviation in New Zealand is characterised by a high number and wide variety of operations considering the size of our country and its population. Each part of the system has unique characteristics and challenges, personnel, operators, passengers, and supporting infrastructure.

This diagram is broadly based on the three main sectors operating in our civil aviation system. It shows our regulatory priorities in relation to the nature of aviation operations and activities.

Our regulatory priorities in relation to the nature of aviation operations and activities



Regulatory priorities



1. Passenger air transport operations (commercial)

People and organisations using aircraft to provide passenger services for hire or reward. Includes helicopters as well as large, medium, and small passenger aeroplanes. Includes aviation adventure services.



2. Other commercial operations

People and organisations using aircraft to carry out non-passenger aerial operations for hire or reward, such as crop spraying, topdressing, carriage of freight, logging, flight training, emergency services, and commercial photography using remotely piloted aircraft (drones).



3. Private and recreational activities not for hire or reward

People and organisations flying for non-commercial reasons. Includes parachuting as well as flying aeroplanes, helicopters, and other types of aircraft such as gliders, microlights, hot air balloons, and remotely piloted aircraft (drones).



The aviation system functions within the broader government transport system

The aviation system is one part of the New Zealand government’s integrated transport system, which also includes land transport and maritime transport. For this reason, we work closely with our government transport partners to address joint challenges, working together towards our shared goals.

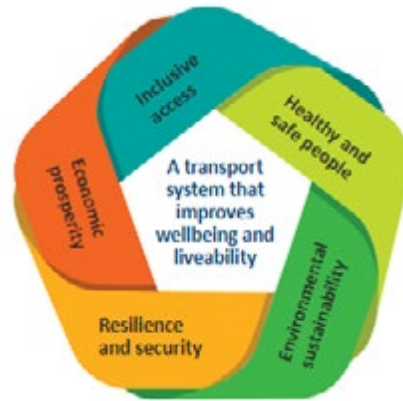
Government agencies directly involved in the transport sector are led by the Ministry of Transport and include:

- The Authority
- Maritime New Zealand
- New Zealand Transport Agency
- The Transport Accident Investigation Commission (TAIC)
- City Rail Link.

The government’s intention is for a transport system that improves personal connections and economic activity for all New Zealanders, putting people at the heart of all we do.

This intention has been expressed by the Ministry of Transport in five outcomes for the New Zealand transport sector.

Transport Outcomes Framework



The role of AvSec and our other security regulatory staff in providing security at New Zealand’s borders means that we also work closely with other government border agencies. This includes Biosecurity (Ministry of Primary Industries), Customs, Immigration (Ministry of Business, Innovation and Employment), the Ministry of Health, the Ministry of Foreign Affairs and Trade, and the Ministry of Transport.

The Border Executive Board makes sure all the ministries have a joint approach and the interdepartmental executive board formalises border sector governance arrangements.

New Zealand’s aviation system functions within the international aviation system

We work, and maintain standardisation, with our international counterparts. ICAO is the lead international body for civil aviation. It’s a specialised United Nations agency.

ICAO adopts standards and recommended practices (known as SARPs), and signatory states have a responsibility to comply with these or file ‘differences’. The filing of differences lets ICAO know where New Zealand’s national standards or practices differ from those adopted by ICAO.

Sector profile

New Zealand's active aviation document holders (at 30 June 2024)

Organisations	2024	2023
Australian AOC Operating with ANZA Privileges	5	6
Part 102 Unmanned Aircraft Operator Certificate	200	155
Part 109 Regulated Air Cargo Agent	60	61
Part 115 Adventure Aviation Operator	20	20
Part 119 Part 121 Air Operations Large Aeroplanes	4	4
Part 119 Part 125 Domestic Air Operations Medium Aeroplanes	18	16
Part 119 Part 135 Air Operations Helicopters and Small Aeroplanes	126	137
Part 129 Part 108 Approved Security Program	65	51
Part 129 Foreign Air Operator	53	62
Part 137 Agricultural Aircraft Operator	111	109
Part 139 Aerodrome Certification	28	28
Part 140 Aviation Security Organisation	1	1
Part 141 Training Organisation	41	41
Part 145 Maintenance Organisation	52	50
Part 146 Design Organisation	11	11
Part 147 Maintenance Training Organisation	4	4
Part 148 Manufacturing Organisation	10	11
Part 149 Recreation Organisation	8	6
Part 171 Telecommunication Service Organisation	1	1

Organisations	2024	2023
Part 172 Air Traffic Service Organisation	1	1
Part 173 Instrument Flight Procedure	2	2
Part 174 Meteorological Service Organisation	3	3
Part 175 Information Service Organisation	1	2
Part 19F Supply Organisation	24	24
Part 92 Dangerous Goods Packaging	8	40
Synthetic Training Device (Airlines)	3	8
Synthetic Training Device (General Aviation)	19	36
Total	879	890

Individuals	2024	2023
Part 66 Aircraft Maintenance Engineer	3,113	3114
Part 66 Certificate of Inspection Authorisation	190	219
Part 66 Certificate of Maintenance Approval	361	411
Pilot licences ^{*y}	30,469	30,061
Air Traffic and Flight Service licences ^{^a}	996	1,290
Total	35,129	35,095

* An individual can be a holder of more than one licence type in these groups.

^y This includes 3,614 with active class 1 medical certificates, 3,417 with active class 2 medical certificates, and 613 with active NZTA/DL9 medical certificates. These include 1278 ATPL aeroplane licence holders with active class 1 medical certificates and 770 with active class 2 medical certificates.

^a This includes 401 with active class 3 medical certificates.

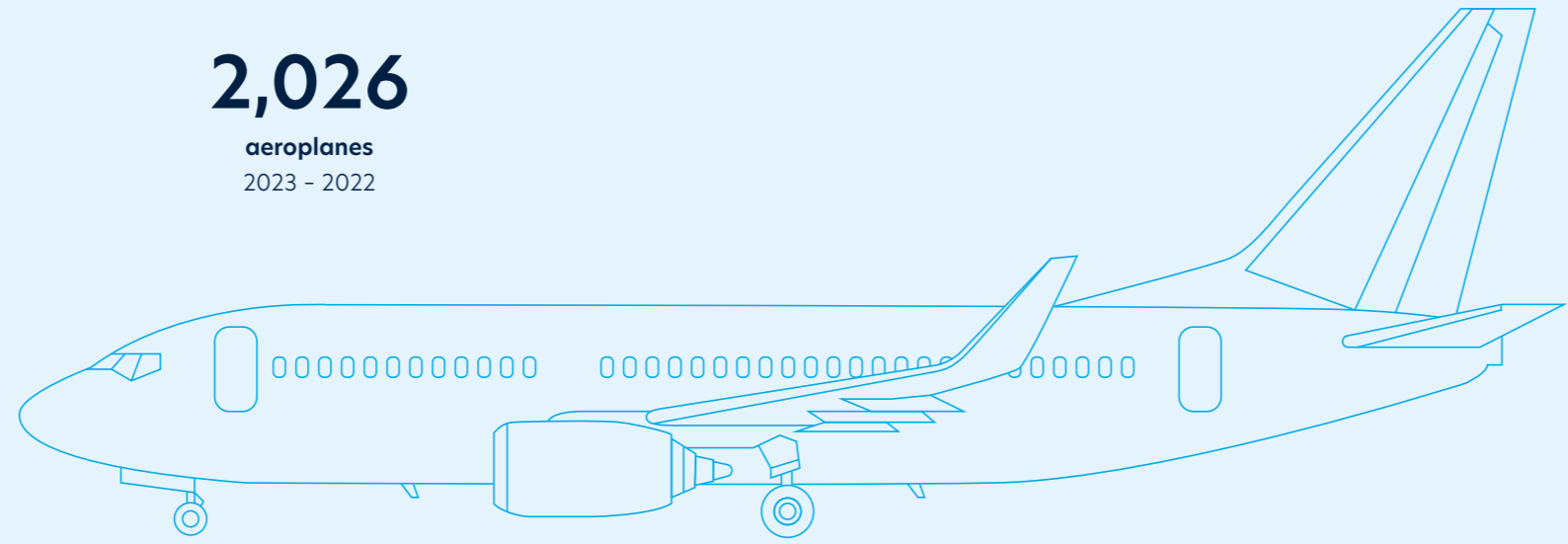
Aircraft

3
amateur-built gliders
2023 - 3

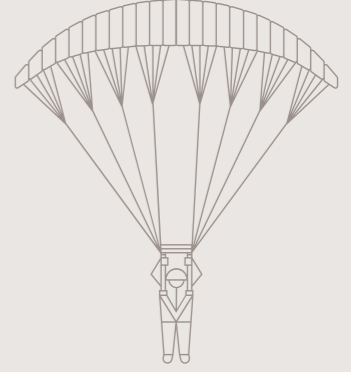


278
gliders
2023 - 281

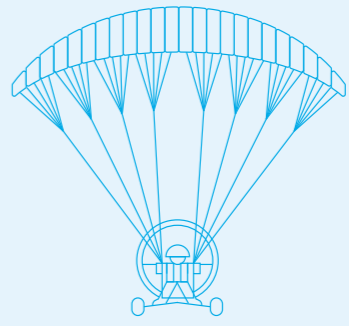
2,026
aeroplanes
2023 - 2022



288
parachutes
2023 - 283




59
power gliders
2023 - 59



215
microlight class 1
2023 - 217

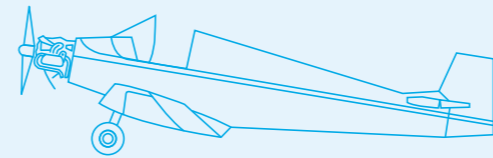


888
helicopters
2023 - 902




28
amateur-built
helicopters
2023 - 28

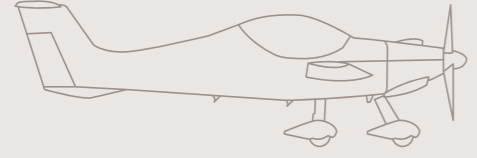
335
amateur-built aeroplanes
2023 - 332



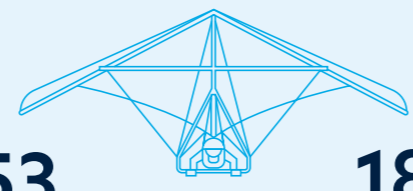
60
balloons
2023 - 65



1,003
microlight class 2
2023 - 997

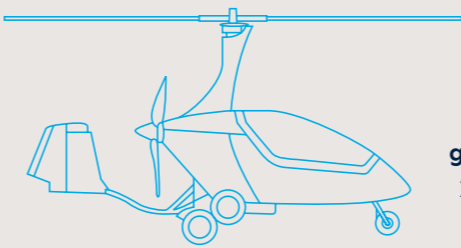


153
paragliders
2023 - 132



18
hang gliders
2023 - 18

80
gyroplanes
2023 - 80

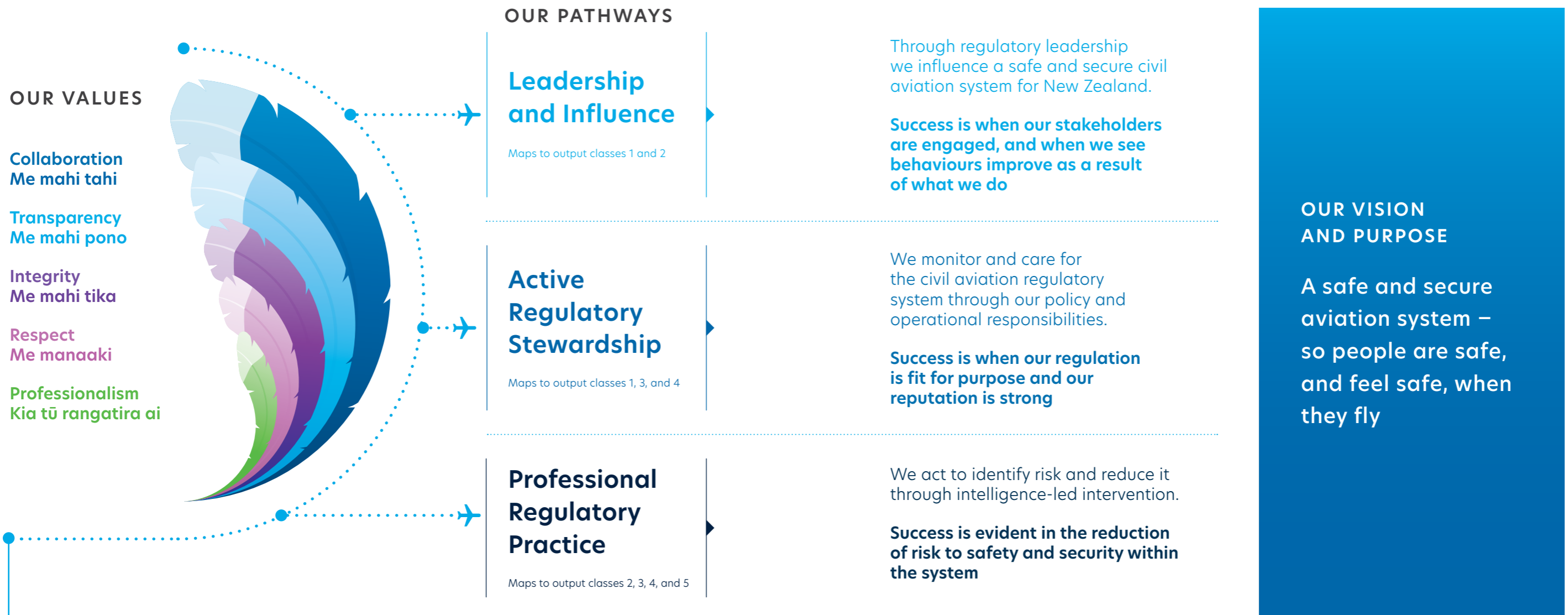


Total 5,434

Our strategic framework



Our strategic framework and how we position ourselves to deliver



OUR BUILDING BLOCKS

People

Our highly skilled, professional workforce – building engagement through culture, capability, leadership, and diversity

Regulatory strategy

Our whole-of-system regulatory approach; intelligence-led, risk-based, supported by our:

- Regulatory Capability Plan
- Horizon 2030 (AvSec's Security Delivery Strategy)

Digital

Our technology and information management supports our regulatory role and our people. Our systems and information are protected and well-managed

Resource stewardship

Responsibly managing our physical and financial resources and working towards financial and environmental sustainability

Engagement, education and communications

Our engagement – communicating effectively as one organisation with our stakeholders to understand and influence our environment

Strategic and business planning, reporting, quality, and assurance

Clear goals, clear pathways, and a performance and quality cycle that supports success

Our vision and purpose

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

Our overall reason for being is to make certain people are safe and feel safe when participating in, or engaging with, the aviation system.

We don't want anyone to experience the pain of loss to a preventable tragedy.

As the regulator of New Zealand's civil aviation, we do all we can to make sure such a tragedy does not happen. We work collaboratively across the system to make sure it's robust, meets international standards, and is well understood, with risks identified, and mitigated, as efficiently as possible.

Our vision and purpose are underpinned by our beliefs:

- We believe in keeping people safe and secure.
- We believe in promoting participation in the aviation system; and making a difference to New Zealand.
- We believe effective regulation will both protect and enable a safe and secure civil aviation system.

The aviation security environment can evolve very quickly. It's important our aviation security system anticipates, adapts, and responds to the ever-changing environment. We succeed when our ability to detect threats through our security activities results in no system failure, injury, or economic impact.

How we know we're achieving 'being safe'

We gather and publish accident rates from across the civil aviation system, compared with the amount of activity in the system. This information is used by the Authority to understand the frequency of incidents and accidents, and in which area of aviation these occur, so we can focus our resources. We're succeeding when the number of accidents and fatalities remains low. We're also successful when we intervene effectively to reduce risk, while aviation activity continues, new technologies successfully emerge, and there are zero security incidents.

How we know we're achieving 'feeling safe'

We commission a survey every second year to assess how safe New Zealanders and international visitors feel when flying in New Zealand (called the Feel Safe, Be Safe survey). This identifies the different types of flyers, and flights taken, and how comfortable they feel. We know we're succeeding when the survey shows New Zealanders and international visitors continue to feel safe in our skies, as measured by a comparison between the previous survey and the current one.

Performance in 2023/24

Overall, safety in the system has improved over the past 20 years, people were safe when flying in New Zealand in 2023/24. Since 2004 the number of accidents and fatalities has decreased as new aviation technology is adopted, regulatory interventions more effectively target risk, and participants implement better ways to detect and minimise risk.

Accident rates across the civil aviation system, and our work on safety and security in the system, are included in the professional regulatory practice pathway of this report, on page 42.

Indicators of our success - from the Statement of Intent 2023-2028

A safe and secure aviation system - so people are safe, and feel safe, when they fly.

'Are safe' indicators

- The frequency of accidents and fatalities remains low - refer report on professional regulatory practice pathway: page 42.
- Risk interventions demonstrate effective mitigation - refer report on professional regulatory practice pathway: page 42.
- New technologies enabled - refer report on active regulatory stewardship pathway: page 36.
- Security incidents remain at zero - there were no security incidents in 2023/24 in the categories we monitor:
 - In-flight security incidents involving offences against the Aviation Crimes Act 1972 for aircraft screened by the Aviation Security Service.

- Airside security incidents involving offences against the Aviation Crimes Act 1972 at security designated aerodromes where the Aviation Security Service operates.
- Airside incidents involving the introduction of dangerous goods into aircraft screened by the Aviation Security Service.

'Feel safe' indicator

- Confidence reported in our biennial 'Feel Safe' survey.

Most recent 'Feel Safe' survey - in 2022

The survey was most recently conducted in September 2022. It was considered to be indicative of travellers' experience over 2021/22 and the results were published in pages 28 - 29 and 96 - 97 of the 2021/22 Annual Report.

The full results of the 2022 survey are on:

www.aviation.govt.nz/assets/publications/annual-reports/CAA-Annual-Report-2021-2022.pdf

The survey will be next conducted in late 2024.

Our pathways



Pathway

Leadership and influence

We lead and influence a safe and secure aviation system internationally, regionally, and domestically. We believe we're successful when our stakeholders are engaged, when we are well respected internationally and domestically, and when we see the regulatory system and behaviours improve because we've intervened.

Our work in this pathway includes:

- Influencing to create behaviour change
- leading New Zealand's engagement to ensure we influence and meet international requirements
- supporting the Ministry of Foreign Affairs and Trade's Pacific aviation security programme
- collaborating across government to support wider transport outcomes.

How we know we're demonstrating leadership and influence

In addition to people being safe and feeling safe in the aviation system:

- The Authority's domestic and international reputation grows positively
- the Authority's outreach and influencing activities are positively received.



Performance in 2023/24

International

We worked internationally to increase safety in the civil aviation system and deliver economic benefits.

Engagement with our international partners is important to keeping aviation safe and secure and to encouraging a strong economy.

ICAO engagement

Authority staff attended a greater number of ICAO strategic and operational meetings throughout the year, reflecting a strong return to in-person events. Despite cost-pressures, many States still regard face-to-face meetings as the most effective way to influence the international system and make progress on bilateral and multi-lateral issues.

The Authority's engagement across ICAO expert groups helps ensure that the international standards to be imposed on our aviation sector are effective, reasonable, and focused on risk. The Authority focuses its ICAO activities in areas where we can build and leverage relationships to advance our own interests and those of the wider Pacific region.

In 2023, we appointed a Chief Advisor ICAO to further extend our leadership and influence within the Air Navigation Commission, a key ICAO body. The 14th Air Navigation Conference, which the Authority will attend later in 2024, will largely set the direction and agenda for the 42nd ICAO Assembly in 2025. We'll be presenting a paper at the conference proposing enhancements to ICAO safety audit methodologies and have co-sponsored several papers from other likeminded States.

An Authority delegation attended the 58th Directors General of Civil Aviation Conference in Dhaka, Bangladesh. We presented two papers at the conference: one on the use of alternative means of compliance with ICAO SARPs, and one on the need for standardised volcanic ash advisory notices.

The Authority has continued to engage with ICAO at a technical level, through membership of several expert panels including those on Aviation Security, Dangerous Goods, Remotely Piloted Aircraft Systems, and the Separation and Airspace Safety.

This year, we also strengthened our collaboration with other New Zealand government entities with ICAO responsibilities, such as aviation facilitation and air navigation. This engagement reduces duplication of effort and ensures a more coordinated approach to aviation safety and security across multiple domains.

Engagement with the Pacific and other States

Multilateral

We're always open to opportunities to develop new or amend existing technical agreements with regional partners and other National Aviation Authorities. Such arrangements can provide significant cost and efficiency savings for New Zealand businesses operating in those jurisdictions or under the oversight of other National Aviation Authorities. In February 2024, we signed a memorandum of understanding on greater technical cooperation with the European Union Aviation Safety Agency. This will explore mutual recognition of certification and oversight activities between the Authority and our counterparts in European States.

Asia-Pacific regional

The ICAO Asia-Pacific Regional Coordination Mechanisms Taskforce is continuing to investigate the benefits of establishing a regional civil aviation commission. During 2023/2024, the Authority and key regional partner Singapore led two Regional Coordination Mechanism Taskforce workstreams and shaped broader discussions. We helped draft a paper and surveyed levels of Asia and Pacific State engagement with ICAO.

Pacific

In 2023, the Authority took over from the Ministry of Foreign Affairs and Trade the role of New Zealand's Pacific Island Security Office Council representative. In this governance role, we attended Pacific Island Security Office Council meetings and engaged with Pacific regional aviation ministers and officials' groups. This enabled us to understand and amplify Pacific views in ICAO forums.

We also provided ongoing aviation security capacity and capability-building across the Pacific, including technical training, support, and infrastructure.

As part of the Authority's leadership role in aviation meteorology, we're working with other States and donors to assist Pacific Island States boost their capability in safety-critical areas, such as the provision of information about volcanic activity.

Contributing internationally to New Zealand's transport security framework

The Safer Skies Initiative is a multinational project led by Transport Canada. Safer Skies ensure that civil aviation has current and accurate information when flying over conflict zones. Air New Zealand flies into or across areas which have seen political and military tensions in the past 12 months and our role is to ensure threat information is transmitted to Air New Zealand as quickly as possible. 2023/24 saw full adoption of this approach and ensured that information was assessed by Air New Zealand as quickly as possible. The situation in New Caledonia in May 2024 saw a closer to home assessment being made.

Engagement with the ICAO Aviation Security Panel's Working Groups

The Authority engages with the ICAO Aviation Security Panel as one of around 30 permanent members and several working groups which sit beneath it, including working groups on Threat and Risk, Annex 17¹, Innovation in Aviation Security, Air Cargo Security, Guidance Material, and Training. The Aviation Security Panel and its working groups support the global development and implementation of the SARPs contained within Annex 17. As a permanent and well-regarded member of the Panel, and a leading voice in a number of these working groups, the Authority brings a distinctive point of view, and a voice of the Pacific to the international community.

¹ Annex 17 is an ICAO convention setting out Standards and recommended practices adopted by ICAO (SARPs) for aviation security.

Over the past 12 months New Zealand directly supported the development of the second edition of the Global Aviation Security Plan, a key ICAO document supporting States to prioritise aviation security and implement Annex 17. The Authority was a leading voice in the development of the Global Risk Context Statement. We also played a leading role in the enhancement to the risk matrix on person-delivered improvised explosive devices.



Pathway

Active regulatory stewardship

We're active stewards of the civil aviation regulatory system. This means we contribute to a whole-of-system, life-cycle view of safety and security regulation. Regulatory systems are assets requiring ongoing updates and attention, so we need to continually monitor and upgrade the system to ensure it is fit-for-purpose.

Our work in this pathway includes:

- Contributing to the implementation of the Civil Aviation Act 2023
- managing the Minister's aviation safety and security policy, and rules programme
- exploring and supporting the development and use of new technologies.

How we know we're demonstrating active regulatory stewardship

In addition to people being safe and feeling safe in the aviation system:

- New Zealand aviation operators are able to operate internationally and domestically
- the civil aviation regulatory system demonstrates value for money for government, participants and users of the aviation system.



Performance in 2023/24

Implementation of the Civil Aviation Act 2023

The Civil Aviation Act 2023 was given Royal assent in 2023 and will come into force on 5 April 2025. The new Act modernises our enabling legislation to take account of changes in the aviation and regulatory environment since our current Act came into force in 1990. These include rapid technological changes, a heightened and more dynamic security context, environmental concerns, and evolved thinking around the role and approach of modern regulators.

The Authority and the Ministry of Transport are together implementing the Act. Senior managers from both organisations continue to operate an inter-agency steering group to ensure alignment and a smooth transition to the new Act.

Our work is to deliver statutory requirements and those activities necessary for a smooth transition to the new Act. Work is progressing at pace, and we are on track to deliver. The Authority implementation team have made good progress in the last year, moving from planning into delivery.

Key progress includes:

- Redrafting all 50 civil aviation rules to align with the 2023 Act - this is a joint workstream with the Ministry of Transport.
- Development and consultation on proposed new drug and alcohol management civil aviation rules. Work is ongoing to produce operational policies, procedures and training to support staff with the approval process.
- Creation of operational policy and procedures to support the implementation of new and amended inspector powers.
- Preparing the Authority for the removal of the Aviation Security Services operating certificates and training Aviation Security Officers in the use of their new powers.
- We are also working on transitional provisions to manage applications and renewals around 5 April 2025.

This work has required involvement from staff across the Authority and it's expected to continue to require resources and prioritisation through April 2025 as we move into training and implementation phases.

Rules development programme

The design of the aviation regulatory system is continuously evolving. New technologies emerge, international standards change, or existing rule requirements may result in unintended safety, security, and economic outcomes.

In response, new rules may need to be designed, and existing rules may be amended or retired. To ensure the design of the aviation regulatory system remains effective, the Ministry of Transport contracts the Authority to develop regulatory policy and the associated civil aviation rules.

Under the rule development agreement with the Ministry of Transport, the Authority develops the draft final rule package in conjunction with the Ministry. The Ministry of Transport is responsible for progressing the final rule package through government processes to secure the Minister's signature.

In November 2023, new rules on runway condition reporting came into force. While multiple policy projects are partway through the rules development process as at July 2024, the current package of rule changes is set out below.

Rule no.	Rule title	Latest milestone achievement	Progress status and comment	Next milestone/expected delivery date
Part 99	Drug and Alcohol Management Plans and Testing.	Public consultation closed.	Finalise draft final rules to incorporate industry feedback and Ministry of Transport review.	Ministry of Transport approval for final drafts to be printed for Minister's signature July/August 2024.
Various	Assorted issues.	Redraft out for public consultation.	Public consultation closed on 9 August.	Finalise draft final rules and print final drafts for Minister's signature Oct/Nov 2024.



New Southern Sky (NSS) Programme – benefits evaluation 2023

Background

NSS was the implementation of the National Airspace and Air Navigation Plan, published on 1 July 2014. NSS was a decade long programme, to modernise the New Zealand aviation system.

The Civil Aviation Authority led NSS and, with the Ministry of Transport and Airways as partners, formed a governance group to oversee the programme. The Authority set up a small team to lead the programme, creating a working group supported by stakeholders from across the sector.

Castalia economic analysis

The de-facto business case for the programme was an economic analysis from Castalia, which estimated the value of benefits directly attributable to the programme to be \$178M.

This was based on the extrapolation of early data from performance based navigation (PBN)² flights into Queenstown and Auckland.

The NSS programme

A focus for the programme was exploitation of the global positioning system (GPS) capability, while providing back-up systems in case of GPS outages. The programme, which delivered over 50 projects and tasks, was closed on 31 December 2023.

It's important to note that regulatory change was the enabler for NSS benefits to be realised by the aviation sector. This included the delivery of a PBN regulatory framework and the introduction of Automatic Dependent Surveillance – Broadcast OUT³ rules for operations by all aircraft in controlled airspace.

Three NSS projects are still underway; ground-based navigation aids deployment, new surveillance radars (both projects managed by Airways) and the aviation component of the new NZ/Australia satellite-based augmentation system SouthPAN, managed by Land Information NZ.

Benefits evaluation

The final NSS benefits evaluation report was produced in December 2023 and briefed to stakeholders on 21 March 2024. This report was based on actual data taken from the Airways air traffic system and has estimated benefits from the exact as built PBN procedures design details. Key findings in the 2023 benefits evaluation report include:

- **Economic and environmental benefits:** PBN has led to reduced fuel burn, lower emissions, lower aircraft direct operating costs, and passenger time savings. This has already delivered \$46M in savings and is forecast to be \$142.4M in savings by 2033.
- **Passenger safety:** PBN approaches with vertical guidance provide an 8-fold safety improvement in the approach phase of flight, now available at all locations with a PBN approach. Over 16 million passengers have been afforded this protection; by 2033, this will be 50 million passengers.
- **Airport accessibility:** PBN procedures have been implemented at 15 airports with air traffic control and 85 other aerodromes and heliports, including 24 hospitals, improving accessibility in adverse weather. This reduces delays and disruption.

2 Conventional ground route procedures require an aircraft to follow the ground-based navigational infrastructure in a point-to-point fashion – a potentially uneconomical use of airspace. PBN, however, uses on-board navigation capability and is not tied to the ground-based infrastructure, allowing the aircraft to fly much more economical, and direct routes.

3 An active on-board GPS based transponder.

- **Airspace capacity and efficiency:** The precision of PBN flight paths has increased airspace capacity and reduced air traffic control workload. PBN has shortened final approach paths and reduced flight times, enhancing route capacity. It's also reduced the time to deliver lifesaving care to remote patients, despite adverse weather, leading to better health outcomes and reduced costs.
- **Resilience:** The introduction of Skyline-X™, a new air traffic management system and associated infrastructure at Christchurch and Auckland by Airways, is a step-change in system flexibility and resilience. Similarly, a range of infrastructure and information delivery improvements by MetService has increased its ability to support the aviation system.

Summary

NSS was delivered by sustained collaboration at every level of the aviation system for a decade, led by the Authority's NSS programme team.

Economic, safety, environmental and social benefits delivered by the programme are significant and have been fully validated in the benefits evaluation report.

As a result of the NSS programme, New Zealand's aviation infrastructure (digital and physical), is amongst the most up to date and resilient in the world, enabled by a tailored regulatory framework that supports its safe and secure use.

Emerging aviation technologies

The Emerging Technologies Unit (ETU) has been operational for 15 months and has been coordinating the wider work of the emerging technologies programme within the CAA. This means ensuring that the efforts of the certification units delivering emerging technologies related outputs in support of certification are forward looking, coordinated, efficient and helpful to innovators/operators both during entry into the system and subsequently while developing their systems and capabilities. In this period the ETU has formally assisted 12 operators to find an entry-point into aviation regulation and/or conduct collaborative pre-decision-making for future regulatory approvals. Many other innovators have been provided with informal advice.

An example of this type of effort was Authority support to the Wisk⁴ Phase 2 trial which took place in December 2023 after 18 months of significant regulatory, operational and safety work by the Authority, Wisk and Airways. This included the novel use of regulatory tools to enable the integration of an uncrewed aircraft into controlled airspace. In June 2024, the subsequent analysis and review of the trial report, led by the ETU, produced 21 recommendations for further regulatory development. This will help to ensure that regulatory systems remain fit for purpose, and can adapt and change in anticipation of new capabilities.

4 Wisk is a US based emerging technologies company carrying out trials in New Zealand.

Reduced and Zero Emissions Project

The Authority has formalised support to reduced and zero emissions projects (RZEP), with the Air New Zealand NextGen project selecting the Beta Technologies Alia CX300 Conventional Take-off and Landing aircraft as the national frontrunner. The Authority is positioning to type accept one of these aircraft in parallel to the US Federal Aviation Administration process for certification of the platform. In doing so, it's supporting Air New Zealand's aim of having a commercial demonstrator in the cargo role, operating by the end of 2026. This investment by Air New Zealand is focused on learning from operating this new battery powered electric aircraft. The Authority is benefiting from taking a new, integrated and cross-cutting approach to type acceptance, while making sure that the regulatory challenges of incorporating this novel system into the New Zealand aviation system are fully addressed in the time available.

The dedicated RZEP project team of two was formed in May 2024 and sits within the ETU.

Emerging Aviation Technologies Forum

The Emerging Aviation Technologies Forum is co-chaired with industry and made up of a cross section of subject matter experts from industry, academia, research organisations, defence and security, airports and the energy sector. It's continued to make progress in identifying systems that needing analysis and action to facilitate entry into the aviation system, beyond research and development.

The forum has met six times, refining processes now delivering priorities for analysis, which will then be considered by the three regulatory authorities involved (the Authority, Ministry of Transport and New Zealand Defence Force), for responses that will continue to enhance the New Zealand aviation system regulatory environment.

Internationally, the ETU has taken advantage of growing connectivity with its peers worldwide and has brought Transport Canada, the Singapore Civil Aviation Authority and the Australian Civil Aviation Safety Authority into forums to exchange information and approaches that they've embraced in their aviation systems.

Refresh of the National Civil Aviation Security Programme

The Authority is required to maintain a National Civil Aviation Security Programme (NCASP) under ICAO's Annex 17 to safeguard civil aviation operations against acts of unlawful interference. Following the 2022 ICAO security audit the NCASP is being redrafted. We recently completed industry consultation on a revised aviation threat assessment process which will be incorporated into the updated NCASP.

Pathway

Professional regulatory practice

We act to make sure the aviation system is safe and secure through implementing regulatory requirements. Professional regulatory practice refers to the way we regulate across the whole civil aviation system – as people enter, operate or engage within, and exit the system.

Our actions and approach are firmly grounded in our values of collaboration, transparency, integrity, respect, and professionalism. Our work in this pathway includes:

- Managing entrance into the aviation system through certification and licensing, and ongoing monitoring and inspection
- investigating accidents and occurrences
- delivering security screening activities.

How we know we're demonstrating professional regulatory practice

In addition to being safe and feeling safe in the aviation system:

- We effectively deliver output classes 3-5 (certification and licensing; monitoring, inspection and investigation; and security service delivery).

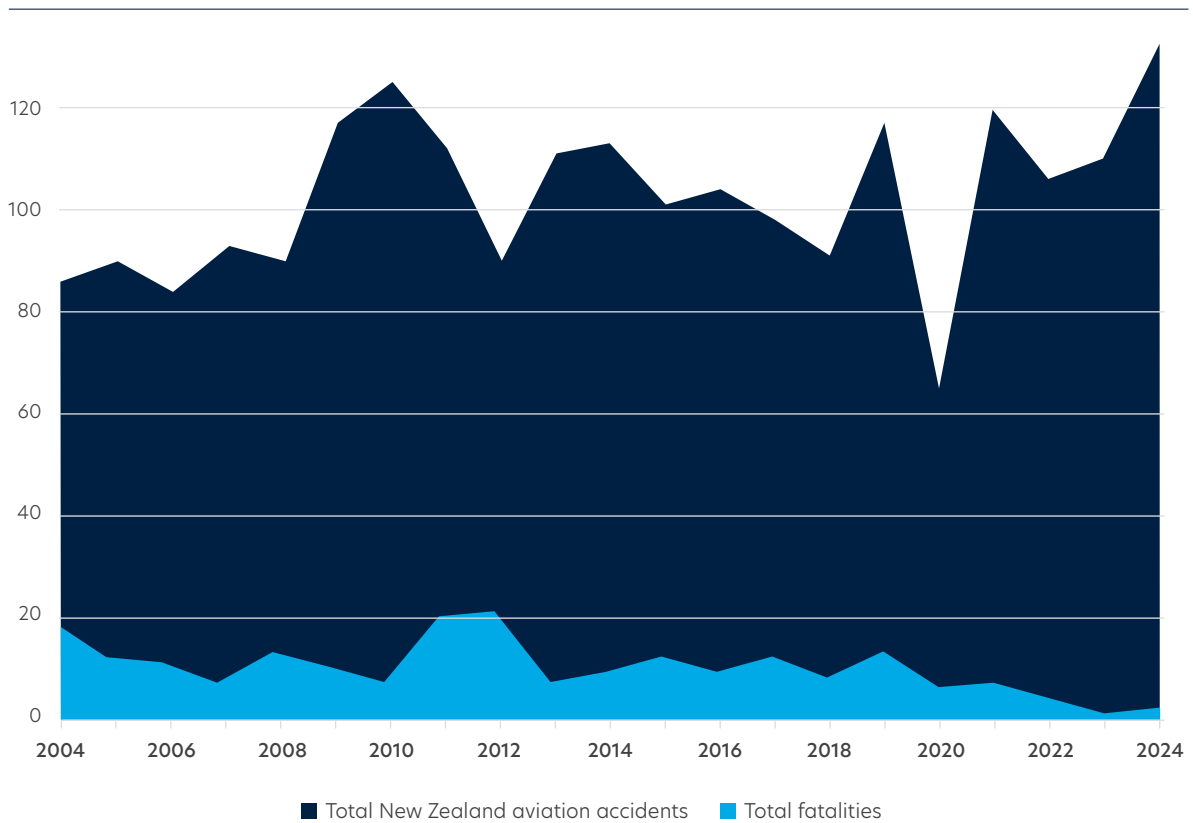


Performance in 2023/24

Aviation safety

The Authority's main purpose is to make sure New Zealand's civil aviation system is safe and secure. As a result of the work we do, people should be safe and feel safe when they fly.

Aviation accidents and fatalities annually past 20 years



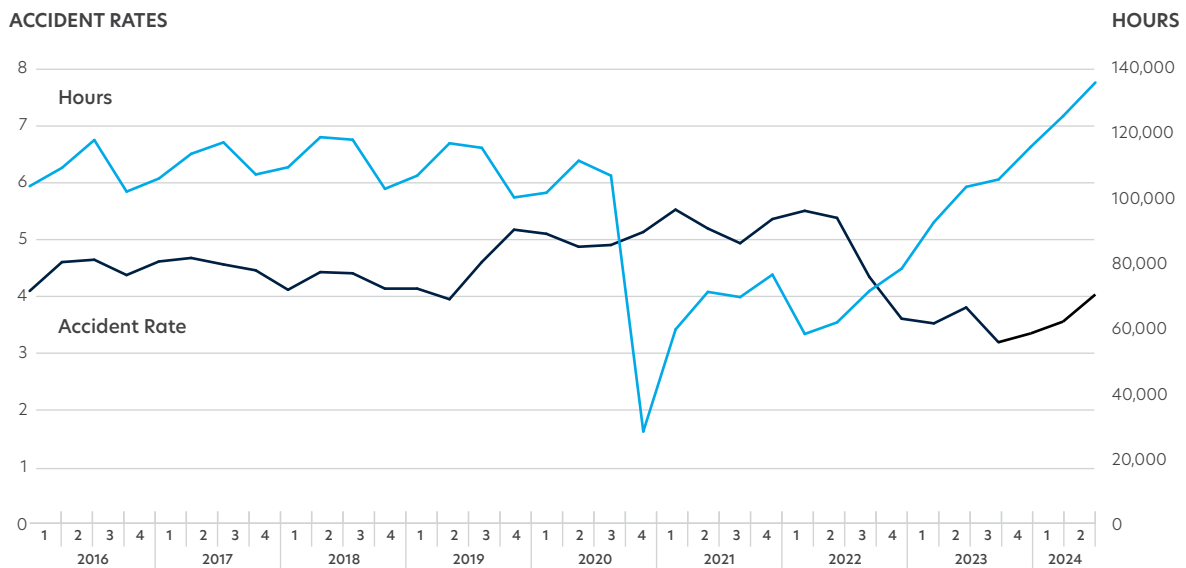
We track fatality and incident rates as part of understanding and seeking to improve the impact of the work we do. There's a wide range of aircraft in use in every sector of the aviation system. For example, aircraft vary between large aeroplanes used by airlines, to helicopters, gyroplanes, amateur-built helicopters and fixed wing aircraft, hang gliders, paragliders and parachutes. This variety can be seen in the types of accidents that are reported, which range from relatively minor accidents resulting in no injury or minor injury, to fatal accidents.

Safety by sector

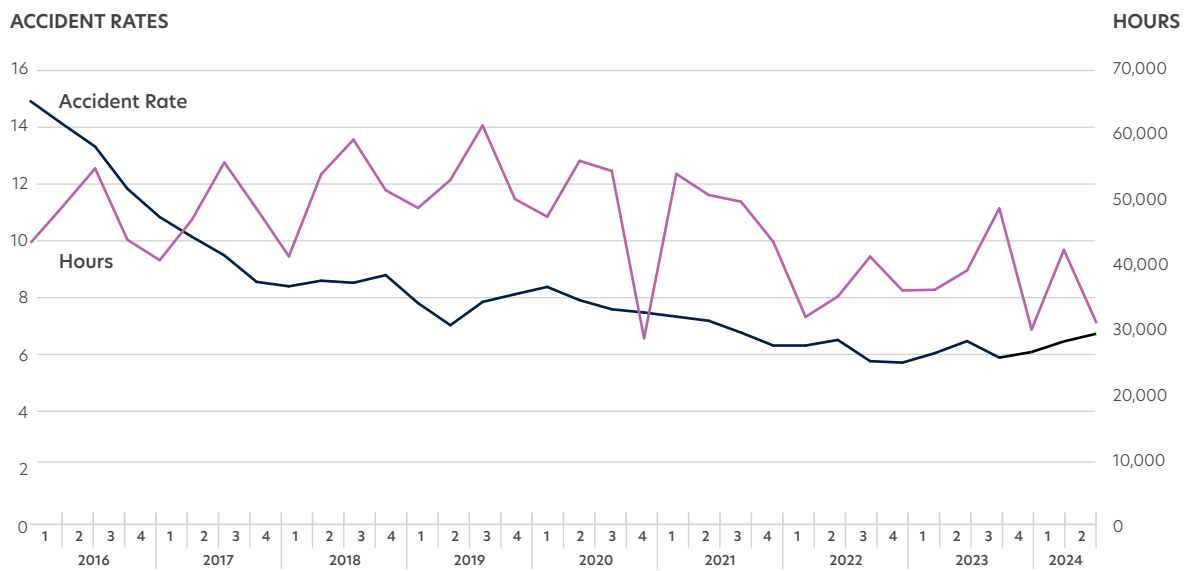
Aviation safety varies considerably by sector. Commercial passenger transport remains exceptionally safe, while other sectors have additional inherent risks to manage.

Annual accident rates per 100,000 hours, and annual flight hours over the past 20 years

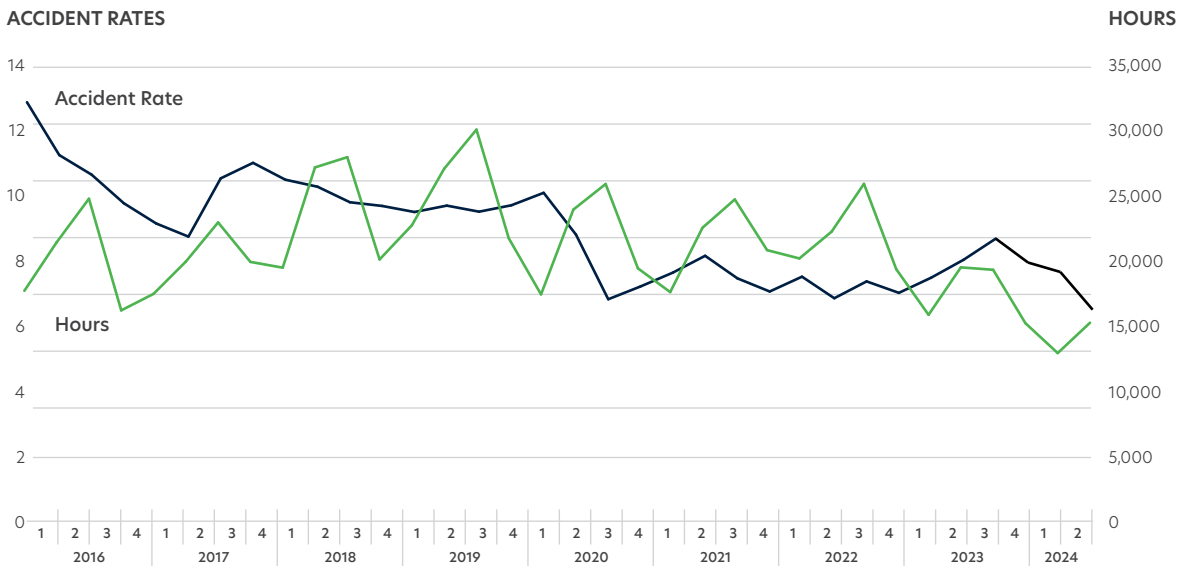
Commercial passenger transport



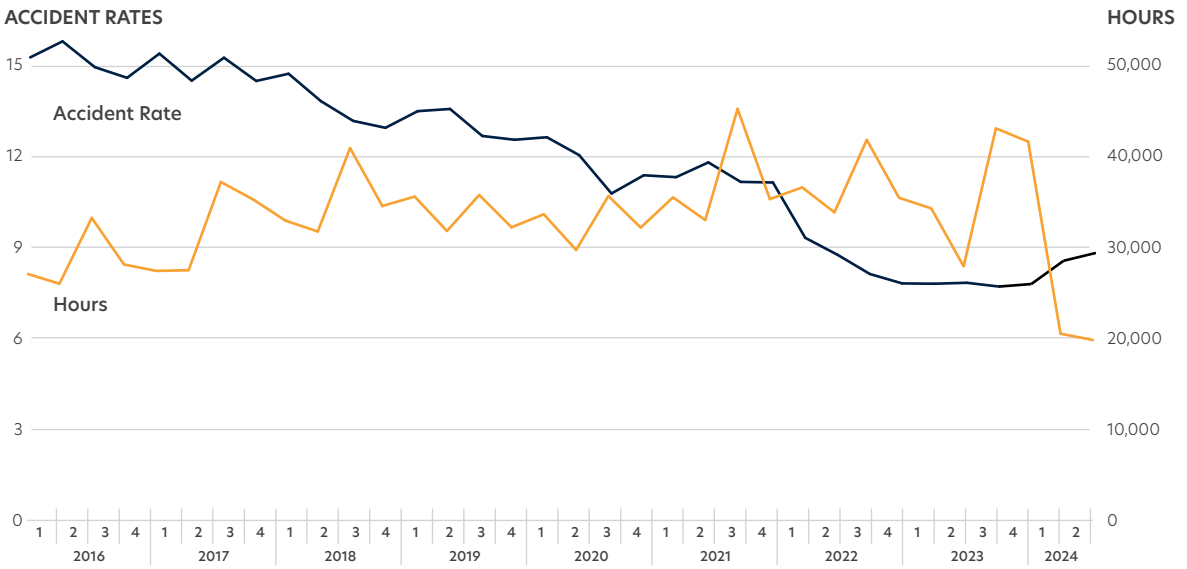
Commercial non-passenger



Agricultural aviation



Private aviation



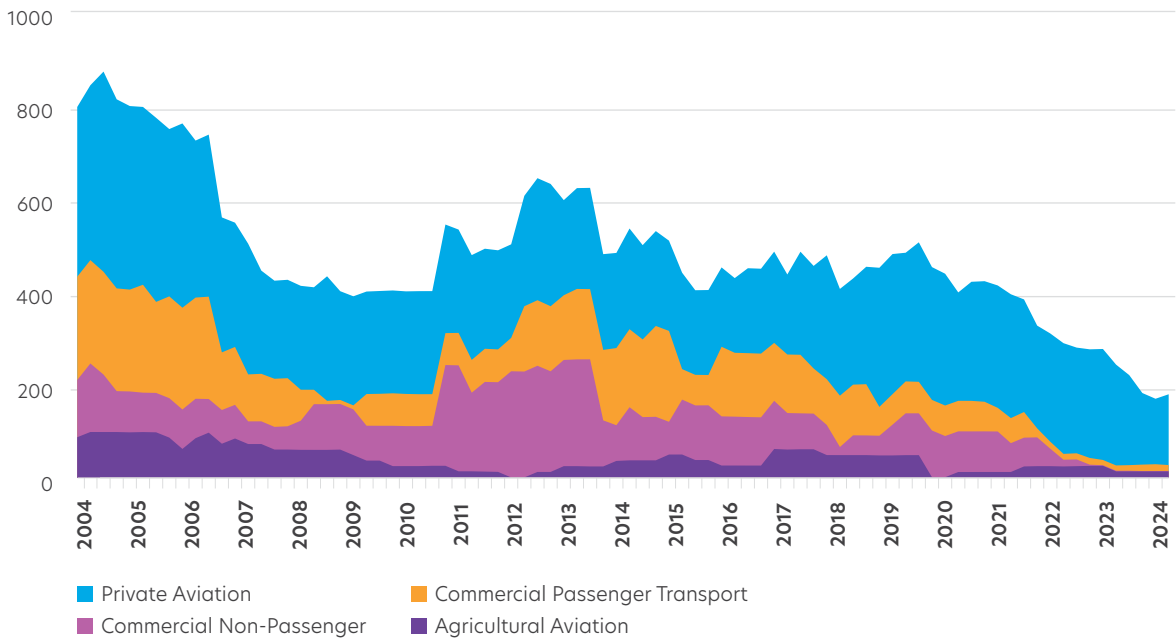
Reduced social cost of accidents

While the social cost measure is very sensitive to the nature and character of occurrences in the aviation system, the social cost of accidents has decreased over time.

The Value of Statistical Life (VOSL) was established at \$2 million in 1991 and is regularly indexed to the average hourly earnings to express the value in current dollars.

The VOSL is \$4.53 million per fatality, at June 2019 prices.

Social cost by sector (\$m / 2019 dollars) - Three-yearly moving average



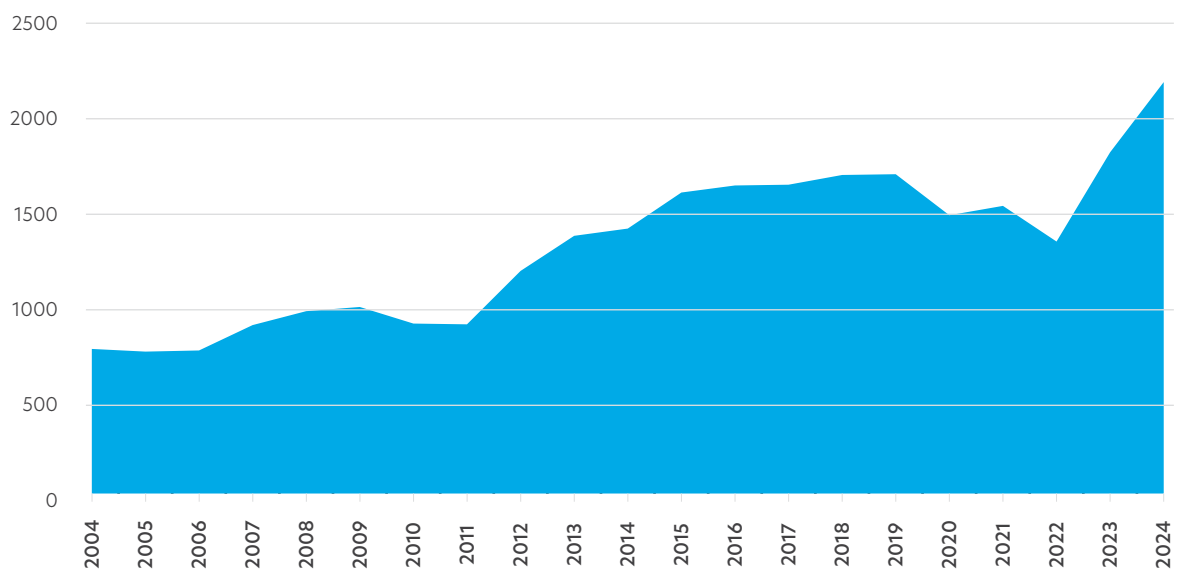
Airspace occurrences and reports

We actively monitor airspace occurrences (these are unsafe events reported to the Authority) with the intent of influencing a safe airspace environment. We're aiming to reduce near misses, loss of separation, and uncontrolled incursions. In general, airspace occurrences are reported to the Authority by participants in the aviation sector.

While we aim to reduce the number of airspace occurrences, the increase since 2003 is understandable. This is because flight activity is always growing, as is the number of participants in the civil aviation system, as well as the Authority's increased emphasis on encouraging participants to report these types of occurrences.

The Authority actively monitors trends within the sector, through our intelligence-led analysis, and implements safety programmes and educational activity accordingly, to target any areas of shortfall or concern.

Annual airspace occurrences



Airspace occurrence data for 2023/24

		2016	2017	2018	2019	2020	2021	2022	2023	2024
Close proximity events										
Near misses' and loss of separation incidents	Count	43	74	118	99	98	100	96	134	114
	Rates per 100,000	5.96	10.22	15.51	13.14	15.65	17.55	18.54	20.07	16.95
Unauthorised airspace incursions										
Uncontrolled incursions (into controlled airspace)	Count	355	318	355	323	321	402	341	327	314
	Rates per 100,000	49.22	43.92	46.66	42.87	51.25	70.54	65.84	48.97	46.97

The 'counts' in the above table differ from previous years' tables because the base data has been reviewed to present more accurate information. Also, the method of calculating the 'rates' has been changed to use reported hours flown rather than estimates as used in previous years.

Certification update

Certification and licensing controls the entry of people and organisations into the aviation system and makes sure they have the skills, qualifications, and systems to operate safely. We do this through regulatory activities such as licensing pilots, air traffic controllers, engineers, and also certifying organisations. We also control which aircraft, equipment, and flight systems can be used in New Zealand, ensuring they are airworthy.

Aircraft, product, and organisations

We completed 1393 (290 more than last year) aircraft registrations, 627 (58 fewer than last year) airworthiness certifications, 76 (50 fewer than last year) product certification, and 52 (13 more than last year) miscellaneous certifications. There were 936 certification activities associated with aviation organisations (the majority for air operator certification), 559 of which were amendments to existing certifications.

Activity was higher in aircraft registration compared with last year, and performance improved (from 80% completed within 10 working days in 2022/23 to 89% in 2023/24). Other certification activity in aircraft and products was stable with decreases in outputs in some areas. Product certification has several projects spanning multiple years and resource demand remains stable or slightly increasing, which is not reflected here in the outputs.

Monitoring aviation safety

We maintain oversight of the aviation system by monitoring flight activity, undertaking surveillance, auditing operators, analysing data, and identifying and managing risk. This includes administering the provisions of the Health and Safety at Work Act 2015 for aircraft in operation.

The work programme for 2023/24 comprised a mix of comprehensive monitoring programmes for large airlines, sector programmes targeting a specific industry function or area of activity and inspections of individual participants. Monitoring was prioritised in line with the regulatory safety and security strategy, including intelligence-led and risk-based considerations.

Monitoring of large airlines (passenger and freight) were again a predominant focus. Inspections included an emphasis on ground operations and the provision of maintenance in New Zealand, Australia, Singapore, Canada, and the United States. En-route inspections were carried out on domestic night freight operations and extended diversion time operations critical sectors across Australia and out to the Cocos (Keeling) Islands. Control of maintenance and management of airworthiness were examined with three of the four large airlines, resulting in follow-up inspections. Concerns arising about one operator illustrated the difficulties this sector is having to deal with in a challenging commercial environment and time of significant change. Monitoring of the airlines also included follow-up to ensure operators were delivering on the agreed improvement actions they identified because of inspections.

Four sector monitoring programmes were completed in the year.

One sector programme looked at how well small-to-medium organisations had designed their management system to provide assurance of safety. The programme highlighted the importance of understanding each organisation's context before assessing how well they'd applied the principle of 'everything reasonably practicable' to protect against threats to safety. Most of the 11 organisations visited under this programme demonstrated that it was possible to balance a traditional view, where safety is viewed as being the absence of negative events, with evidence of effective compliance and data showing what was contributing to positive safe outcomes. This enabled organisations to place themselves on a resilient vs vulnerable safety scale. Most were surprised they had positive data which they had not previously recognised, and that this data supported a re-set of thinking towards better resilience.

Another sector programme focused on the compliance of 17 small operators conducting Part 135⁵ operations according to instrument flight rules (IFR). This involved inspecting documented procedures for conducting non-precision approaches for landing and assessing the training and competency of pilots to do so. The programme found that while some organisations' operational practices were more established and comprehensive than others, no safety concerns were evident. Inconsistencies were found with historical use of aerodromes not meeting current standards for Part 135 operations. These are being worked through by certification and aerodrome specialists.

5 Helicopter and small aeroplane operations.

A sector programme was conducted to gain insight into how well small organisations operating under Part 135 were controlling their maintenance requirements and how well service providers were delivering that maintenance. 15 operators were visited, some operating fixed-wing aircraft and others operating helicopters. No specific non-compliance themes emerged but the programme found the operators sampled were not formally and actively managing airworthiness and maintenance related hazards and threats within their management systems. This presents potential risk and further engagement with the sector is planned for 2024/25.

An enduring programme of ramp checks was established to sample foreign airlines operating into New Zealand under Part 129⁶. To date, the programme has focussed on aircraft and crew arriving into Auckland. No issues have been identified.

Monitoring the aviation security system

The Authority is responsible for overseeing the civil aviation security system including monitoring regulated air cargo agents, foreign and domestic airlines, aerodromes, air navigation service providers and the Aviation Security Service. Security monitoring consists of routine audit and inspections, spot checks and testing to provide assurance that operators meet required security outcomes, and that security systems, when performing in normal circumstances, cannot be defeated.

We monitor 168 individual participants and stations and maintain awareness of incoming threats and risks posed by international flights to New Zealand. Focus areas have included monitoring regulated air cargo agents' performance overseeing known customers in the secure supply chain and the implementation of security measures (including worker and passenger screening) at security designated aerodromes.

In addition to monitoring system participants, we maintain connections with international regulatory agencies and stakeholders, domestic agencies (such as New Zealand Police) and the National Security System to ensure continued monitoring of the global and domestic threat environment. This ensures ongoing awareness of the security risks to civil aviation. Security is one of the topics of our engagement with ICAO.

Over the reporting period we also developed operator risk profiles and the criteria for assessing operator risk. This enhancement will continue to mature and support our risk-based prioritisation of future annual monitoring activities.

Aeronautical services

We conducted 43 monitoring oversight activities and seven safety audits of aviation participants, both certificated and non-certificated, from aerodrome operations to Airways air traffic services. These monitoring activities included assessing of aeronautical studies across certificated and uncertificated participants on matters relating to air traffic service provision, infrastructure configuration resourcing, and safety culture. We also conducted oversight interactions with regional councils who are non-certificated aerodrome operators under the Work Together Stay Apart intervention (Refer to page 54).

6 Foreign air transport operators.

In addition, we assessed and accepted the safety case justification provided by Airways in support of the first integrated uncrewed aircraft flight in controlled airspace, conducted by Wisk. We have also been proactively overseeing the implementation of Satellite Based Augmentation Systems into the New Zealand aviation system as part of the SouthPAN project.

We responded to 88 requests to designate and classify airspace including the monitoring of space debris, Rocket Lab and general rocket activities, airspace amendment petitions, civil and military air shows and displays. We also responded to 81 requests about airspace hazards and aerodrome activation as well as 28 aviation-related concerns relating to aerodrome and air traffic control practices, and the behaviour of pilots and aircraft in controlled and uncontrolled airspace.

Sector baselines assessments

One of the pillars of our development towards becoming a modern regulator is to be intelligence-led and risk-based. To support this, the Authority collects and analyses information to determine what regulatory decisions need to be made to have the greatest impact on aviation safety and security. One of the initiatives to support this approach has been the development of sector baseline assessments.

These assessments provide a holistic, strategic level understanding of New Zealand's aviation sectors by discussing the composition and main activity of each sector, the related harm and possible future risks. The assessments also analyse a range of environmental factors

which influence safe and unsafe practices. Collectively, the full series of sector baseline assessments will inform the Authority about:

- Strategic and operational considerations relating to risks within and between sectors
- common issues and themes that might require regulatory responses
- the nature and capacity of the systems and people the Authority needs to support aviation safety.

The sector baseline assessments are now supporting decisions, helping the Authority become an intelligence-led, risk-based regulator. They are available on the CAA's website: www.aviation.govt.nz/safety/safety-advice/sector-risk-profiles

HSWA in aviation

Our approach to implementing HSWA in aviation over the past year has centred on equipping our front-line inspectorate with the knowledge to have robust discussions with sector participants about their HSWA duties. We've five eLearning modules, which have improved inspectors' ability to communicate in everyday language to participants how they can continue to comply with the Act.

In addition, selected cohorts will undergo further training to deepen their understanding of how to

apply the legislation in their roles as appointed HSWA inspectors. This training will include theoretical and practical components, resulting in an integration of HSWA into the daily work of each inspector.

Our immediate focus now shifts to educating the sector, with plans in place to deliver an HSWA roadshow. This initiative will offer workshops and resources to sector participants across New Zealand. We aim to start this training by September 2024, with rollout over 12 months.

From Harm to Harmony: A Transformative Journey in Recreational Aviation

In November 2022, the Authority embarked on a significant initiative aimed at fostering safer skies within the sport and recreational aviation sector, governed under Civil Aviation Rules as Part 149 organisations. This journey began with a comprehensive review in 2021, which included an external audit of the internal certification and monitoring processes of these organisations.

The Motivation Behind the Initiative

A review of the past decade revealed alarming statistics: from 2012 to 2022, the sector suffered 518 serious harm accidents and 45 fatalities. This translated to an estimated social cost of \$384 million, based on the Ministry of Transport's Social Cost formula. The sector accounted for nearly half - 47% - of all aviation-related harm during this period.

Key Insights from High-Level Discussions

In light of these figures, the Authority recognised the urgent need for intervention.

Discussions with all 18 Part 149 organisations surfaced four key insights:

1. **Limited Oversight:** Existing capacities and capabilities of the Part 149 organisations were found to be narrow, creating gaps in oversight.
2. **Inadequate Regulatory Framework:** Current prescriptive rules struggled to keep pace with technological advancements.
3. **Funding Challenges:** Operating primarily on membership fees and volunteer contributions raised questions about the funding of effective of regulatory activities.
4. **Opportunities for Collaboration:** Enhanced engagement and information sharing between the Authority and Part 149 organisations could lead to improved safety outcomes.

Taking Action: A Collaborative Approach

With these insights in mind, the Authority took immediate action. The fourth insight— Collaboration - served as a catalyst for creating a series of forums with the Part 149 organisations. To date, eight forums have been held, laying the groundwork for more effective communication and shared learning.

Support from the Authority's Engagement, Education, and Communications team has been crucial, including funding activities and providing expertise in safety promotion. Notable initiatives include sponsoring two Safety Days for the Parachute Industry Association (PIA) and collaborating with the New Zealand Hang Gliding and Paragliding Association (NZHGPA) on a newly launched safety campaign.

The Safety Campaign: "Fly like a bird. Think like a pilot."

In partnership with the NZHGPA Safety Taskforce, the Authority helped develop a creative communications approach that resonated with association members. The resulting campaign, themed "*Fly like a bird. Think like a pilot,*" was embraced as the signature message, reflecting a unified commitment to safety.

The Authority also supported the production of a suite of promotional materials for the NZHGPA.

Ongoing Collaboration for a Safer Future

The Authority continues to actively engage with Part 149 organisations on safety awareness and educational initiatives.

Through these collaborative efforts, the Authority is transforming the narrative from harm to harmony, fostering a culture of safety awareness that prioritises the well-being of all involved in sport and recreational aviation.



**FLY LIKE
A BIRD,
THINK LIKE
A PILOT**



nzhgpa.org.nz/thinklikeapilot

CHECK

- My environment
- My plan
- Myself

NZHGPA
New Zealand Hang Gliding
& Paragliding Association

Work Together, Stay Apart

Work Together, Stay Apart was launched in April 2023. The campaign is focused on airborne conflict at unattended aerodromes. The Authority was prompted to launch this campaign because of the increasing number of critical near-miss events and increased concern and feedback about pilot behaviour at unattended aerodromes.

It also responded to the Transport Accident Investigation Commission report and associated recommendations from the Masterton mid-air accident in 2019.

Since 2008, seven people have been killed in mid-air collisions at unattended aerodromes, and critical near-miss incidents have increased every year since 2016.

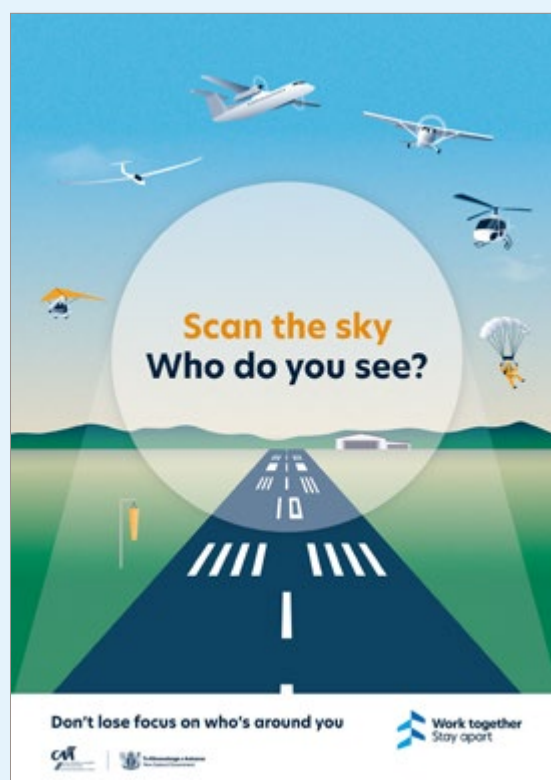
- Since 2008 there were three fatal mid-air collisions at unattended aerodromes - Paraparaumu in 2008, Feilding in 2010, and Masterton in 2019.
- Since 2016 there have been 522 reported events at unattended aerodromes, where two aircraft had a near collision or avoiding action was taken, or where a pilot felt another aircraft was uncomfortably close.
- In 2022, there were 13 critical near-collision events reported, where there was one safety barrier left preventing a mid-air collision.

The safety campaign is the first of its kind at this scale in New Zealand. Operating alongside business-as-usual safety education, inspections and industry guidance, the campaign is a coordinated set of activities targeted at increasing shared understanding of standardised procedures among pilots, improving aerodrome management and safety, and collaborating with operators to promote best practice.

At its completion in April 2025 the safety campaign will have spanned a two-year period. To date the initiatives included as part of the campaign are:

- The Plane Talking seminars - 29 locations visited across New Zealand during September, October, and November 2023. 36 sessions were run including one online session. More than 1496 people attended, with 100 percent of attendees saying they would recommend the session to others.
- Campaign animations - *Scan the sky, Watch out for each other, and Don't become a statistic* formed the start of the Work Together, Stay Apart social media campaign. These animations were extremely well received, reaching over 40,000 people. The success of these animations was followed up by the release of the *Did you know* series of animations - focused on the general operating rules underpinning this campaign.

- *Dedicated Vector* - Completed and released in December 2023. This is the first time in Vector's 51-year history that the magazine has been committed to one subject.
- Release of *Vector online* - Know your neighbours - Supported by a number of industry representatives from different sectors all reinforcing the key messages of the campaign and helping inform others about their operations.
- *Statement of commitment* - This is a document organisations and individuals can sign to show their commitment to the campaign. This is designed as an influencing tool. At the time of writing this report the *Statement of commitment* has 256 signatories made up of 81 aviation organisations and 175 individuals.
- *Aerodrome users series* - This was designed to share safety occurrence data related to activities at specific aerodrome locations. It reinforced the general operating rules associated with the campaign, encouraged users to work together to manage areas of shared risk and place, and emphasised the importance of reporting. Locations were chosen using risk-based methodologies. During 2023/24 the seminar was taken to 12 locations across New Zealand, and has good attendance.
- *Circuit Certainty* educational roadshow and associated video - 26 locations will be visited in the second half of 2024 as part of this roadshow and roll out of the associated educational video. The video has been produced with the help of industry representatives.
- *How to manage an aerodrome* - Production of a new Good Aviation Practice booklet. Designed to help people who have responsibilities for aerodromes, particularly people without an aviation background such as local government employees.



Investigation function

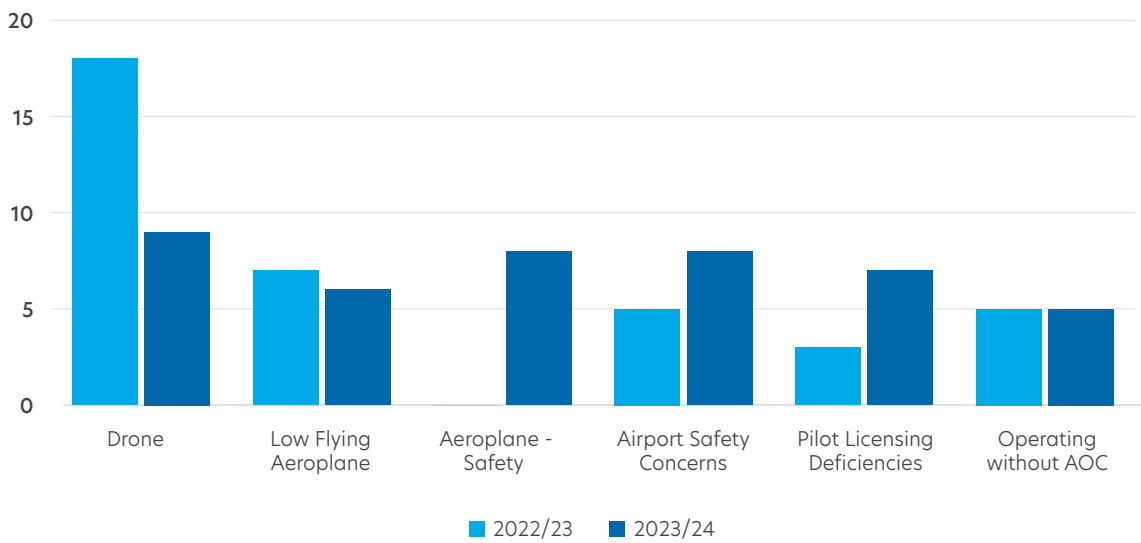
Our team of investigators is responsible for investigating and examining accidents, incidents and other occurrences to ascertain what happened and why, and to determine appropriate responses, including sharing lessons learned to prevent recurrences.

The Authority receives and responds to self-reported safety occurrences, security incidents,

complaints, or aviation related concerns. Collectively, numbers have increased 11 percent on last year (8292 to 9216). We attribute this to increased general activity and more robust reporting culture, rather than an increase in actual risk or harm.

The largest categories of investigations in 2023/24 are shown in the chart below, along with comparative figures from 2022/23.

Largest investigation categories in 2023/24



The reported occurrences, incidents, complaints and concerns have been responded to with the range of tools available to the Authority, including safety bulletins, reports, or safety education (of note, four fatal accident safety reports were published, as were eight safety recommendations or actions) and prosecution or enforcement actions where appropriate (10 infringement notices and two prosecutions).

During 2023/24, the Authority finalised an independent review of its investigation function and began to implement recommendations from that review. The programme will modernise the Authority's investigative operating model and, supported by an enhanced intelligence function, will ensure effective, efficient, and appropriate targeting of our resources.

An effective and efficient security service

We continue to identify and mitigate security threats, while making sure passengers and baggage travel smoothly. AvSec is a core part of the Authority and provides aviation security services in New Zealand.

AvSec conducts the following activities:

- Screening domestic and international passengers and crew, and their carry-on baggage, at six security-designated airports, for weapons, explosives, and other prohibited items.
- Screening domestic and international checked baggage at security-designated airports, for weapons, explosives, prohibited items and dangerous goods.
- Conducting perimeter patrols, vehicle searches, mobile foot patrols, escort duties, aircraft searches and guarding aircraft at security-designated airports.
- Managing the airport identity card system on behalf of the Director of Civil Aviation.
- Operating explosive detector dog teams around New Zealand – searching for explosives in and around airports, and providing support to other agencies as requested, e.g. police bomb threat call-outs, venue clearances.
- Providing behaviour detection officers based in Auckland and Christchurch – behavioural detection is a method of observing human behaviour which can include physiological, verbal and non-verbal indicators. AvSec supports other agencies as requested including providing international standard behaviour awareness training.
- Screening bulk and duty-free goods, and outbound mail and cargo.
- Screening of non-passengers (airport and airline workers) into security-enhanced and sterile areas at the six security-designated airports.
- Providing security services and training to help other government agencies.



Ongoing evolution to improve and future-proof AvSec

Initiatives continued in developing staff, improving processes and systems, and implementing new technologies, in line with the Horizon 2030 Strategic Plan.

Achieving greater levels of passenger facilitation within a tight fiscal environment was given increased focus, through further development of capability plans, trials of different lane configurations, and adjustments to frontline workforce structures, to get the best from our people.

AvSec quality management systems continue to be improved, with increased resources dedicated to a risk-based approach over a more traditional compliance-based approach, in line with overall Authority policy direction. Frontline operations have continued to flex as new norms for air travel embed and passenger volume pressures continue to grow.

The non-passenger security programme is enhancing the integrity of the nationwide network through an increased focus on non-passenger screening, security culture and risk identification at airports where security screening is required.

Continued rollout of new enhanced security technologies

Computed Tomography (CT) cabin baggage screening for domestic and international has been installed at Dunedin, Christchurch, Queenstown, and Wellington. Auckland international has been completed and, with the recent completion of the transit lanes at Auckland Airport, New Zealand is now placed along-side the leading international jurisdictions when it comes to our cabin baggage screening capabilities.

The final national domestic CT installations, at Auckland, are scheduled to be completed by the end of 2024. Most of our cabin baggage screening lanes have been upgraded to CT, with equipment certified as European Civil Aviation Conference standard 3-approved explosives detection systems. Standard 3 was

introduced to detect higher levels of threats, while lowering operational false alarm rates. Upgrades at Dunedin, Christchurch, Queenstown, Wellington, and Auckland international have been completed, with the final installation at Auckland domestic scheduled for the end of 2024.

This change means passengers are no longer required to remove laptops, liquids, aerosols, and gels etc. from their carry-on luggage. Queenstown is finalising its carry-on luggage trials and we hope to have it operating fully to the new standard in the coming weeks. We've also begun the implementation of CT for carry-on luggage on the domestic network with approximately 40-50 percent of screening points operating to the new standard. Again, we hope to transition the remaining screening points by the end of 2024.

Security leadership, engagement, and partnerships

Leadership and partnership opportunities continued to be pursued to strengthen relationships and contribute to collective security networks including active participation in the Border Executive Board, a collaborative group of New Zealand border agencies working together for a smarter, safer border.

Continuing to be a part of, and engagement with international bodies such as the Airports Council International and Smart Security Management Group ensures AvSec remains at the forefront of global industry and security developments. It also allows for focused benchmarking and comparisons with other jurisdictions to identify best practice. Connections with the United States Transportation Security Administration – a key international partner – were strengthened, with information-sharing on development of security detection technologies, and joint reviews to ensure current mutual recognition of AvSec's airport security programmes continues to meet international standards.

With cyber and information security risks becoming more prominent, the Authority has continued to invest in dedicated protective security expertise. Voluntary compliance with the protective security requirements, has resulted in stronger physical, personnel, and information security across the organisation. Guidelines and learnings are being shared with our industry partners.

Information sharing agreements are taking place for several airports, with discussions between and Authority and the remainder. This will improve security measures and ensure the safety of passengers, staff, and assets within airport premises, and allow us to optimise processes - to enhance passenger facilitation, and improve workflow management.

Integrated operations centres at airports (IOCs) are an ideal mechanism for the range of organisations working on-airport to work closely together in the same space to monitor and manage activities as they unfold during a day. AvSec is part of several IOC's including Wellington and Queenstown. Other airports are assessing the need for IOC and establishing them if required. As they do AvSec will become an active participant.

Understanding and responding to queue pressure points

An Authority-wide taskforce has continued to examine the causes of security screening queues and fine-tune resource allocation to address known busy times without compromising security outcomes. More information has been captured to identify where wider system aspects such as schedule concentration or disruption cause queues. These quantify the impacts for collaborative work with stakeholders to explore if any broader changes can be made, or improve communication about performance expectations.

Next steps will be to continue to enhance measurement of queues over all times of the day to quantify remaining longer queue times and inform further targeting of resources to where they can make the biggest difference. The information gained is being regularly monitored and reported.

Our building blocks



People

Our focus for last year, as set out in the 2023/24 Statement of Performance Expectations was to enable and resource a highly skilled, professional workforce, building engagement through culture, capability, leadership and diversity:

- Focus on attracting and securing quality people, and investing in them to aid retention and lift capability to deliver on our safety and security activities.
- Identify longer-term workforce needs, and deliver timely human resource services.
- Continue to develop, embed, and build on our culture to ensure the Authority's long-term future as a respectful, inclusive, and safe place to work.
- deliver on the actions set out in our Health, Safety and Wellbeing Strategy, our Leadership Strategy and our Diversity and Inclusion Strategy.

Performance in 2023/24

As we have progressed work in each of these areas, we have also focused on alignment with the Authority's business planning and funding processes to better understand the people and capability required to deliver our safety and security outcomes, as well as the funding parameters we need to work within.

We've completed two self-assessments to identify systems, practice and structure that need focus and investment. The first of these is a regulatory capability review which assesses the Authority's regulatory capability against a maturity model. The second is the Mahi Tahī Review, which assesses the organisation against a set of workforce design principles, looking at how we work, and how we are organised to deliver our core functions. These reviews provide rich information about our current state to help prioritise our investment in our people capability.

While we're are making good progress, and we're seeing stronger connections across our organisation to deliver our outcomes we have a long way to go, and a strong history that is difficult to move.

With more change coming, we'll continue to support our people, and invest to develop leadership capability.

Secure quality people and invest to aid retention and lift capability.

The employment market has changed over the past 12 months, and our turnover has decreased in line with the rest of the public sector – our turnover has continued to remain lower than the public sector average. We continue to invest in recruitment, focusing on clear, transparent, values-based processes, growing leader capability and ensuring a positive experience for candidates.

We are being very purposeful in investing in new people, and have focused on what else needs to be wrapped around our new and existing people to lift their capability and encourage them to stay. This includes investing in wellbeing and leadership initiatives to make sure people are supported in their work, and are getting clearer on organisational priorities as well as helping people connect their work to these and our purpose.

Regulatory capability remains a key focus, including investing in how we get people trained and delegated as quickly as possible to do their core work. We're making sure we have foundational regulatory capability across the Authority with 100 of our people working through their G-Reg⁷ level 3 certificate.

Our Your View engagement survey results tell us we're doing better across leadership (75%), culture (66%) and Health, Safety and Wellbeing (78%) domains, with increases across the board in these scores. These domains are also three of the top four in our survey results.

Identify longer-term workforce needs and deliver quality human resource services.

Longer-term workforce planning is being addressed through aligning workforce needs with priorities identified through business planning, and our funding review. The deeper assessment of the Authority's capability through the regulatory capability review and the Mahi Tahi review are being used as the basis for a five year people strategy for the Authority.

In parallel, short-term workforce planning informs initiatives that are continuously improving people capacity and capability. This considers real-time issues such as shift patterns and hours of work for our frontline people, flexi-working, fatigue, and immediate work demands. We take a purposeful workforce management approach to understand and deal with the symptoms of these challenges as well as trying to address root causes. Long and short-term workforce needs will inform collective bargaining in early 2025.

Our People group continues to embed initiatives from the Te Kākano programme, following the ministerial review into the culture of the Authority in 2020. We have invested in our People group's capability to engage earlier with leaders on people issues and shift to a restorative approach, with leaders supported to conduct this. We've invested in improved access to HR support and timely responses through improved internal processes in the People function, better employee records, and access to tools and information to help leaders in their roles.

⁷ G-REG is a government-wide initiative to improve leadership, culture, regulatory practice and workforce capability in regulatory organisations and systems.

Develop, embed, and build on our culture to ensure a respectful, inclusive, and safe place to work.

A core feature of delivering this outcome is looking for open and trust building opportunities for participation and engagement with our people. This includes *Your View* action planning, critical risk workshops and consultation on things that matter like flexi-working, as well as our employee networks of values champions, the Pride network and health, safety and wellbeing committees. The Director stays regularly connected to our people through the Director's Advisory Group forum, and senior leaders meet regularly to focus on the work of the Authority, and how we are working.

We are piloting a peer support network, to encourage opportunities for people to connect and talk about ways to make our working environment better. 91% of our leaders have been through a wellbeing workshop focused on building understanding of their wellbeing responsibilities and lifting their ability to support a respectful and inclusive environment, and a safe place where people can raise issues.

Deliver on actions in health, safety and wellbeing, leadership and diversity and inclusion strategies.

Delivery of this is overseen by the Board's people, health, safety and wellbeing committee and the Authority leadership team.

Work of the AvSec technical training unit

The rebound of aviation passenger volumes has required AvSec to increase staff numbers and capability. In response the technical training unit (TTU) stepped up capacity and conducted basic training courses in aligning with recruitment pipeline requirements.

The TTU has bolstered its international training programme during 2023/24 by providing a range of technical training for Pacific states starting with:

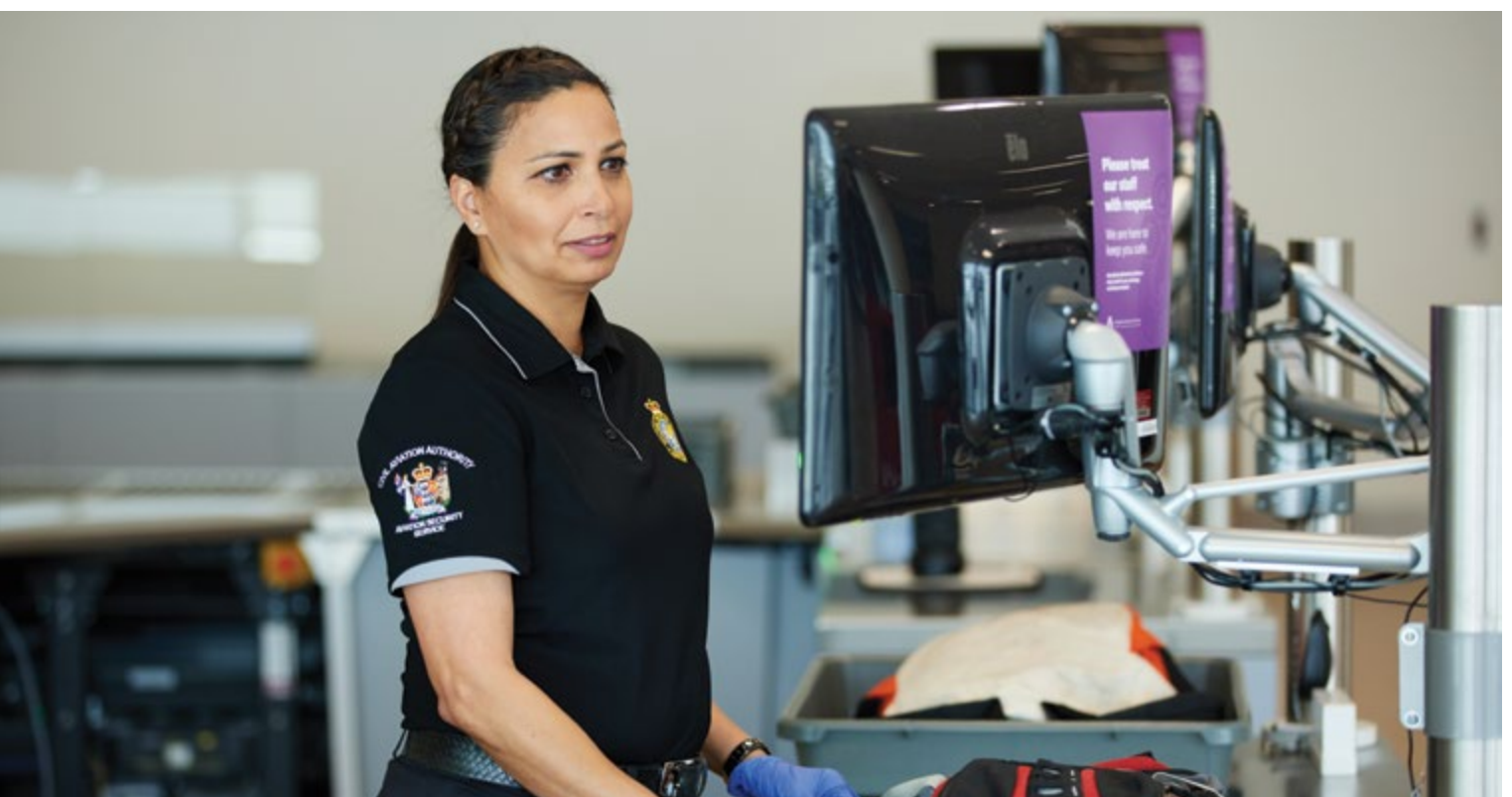
- Screening procedures training in Vanuatu
- supervisor induction training in Kiribati
- dangerous goods training for screening personnel in the Cook Islands
- enhancing security culture through security awareness for Tonga Airports security staff and other airport workers
- delivering in Samoa the ICAO Air Cargo and Mail Security course to 20 aviation industry partners based in Samoa
- screening procedures training and dangerous goods training for screening personnel in Nauru.

This is all part of the AvSec Pacific programme, sponsored by Ministry of Foreign Affairs and Trade.

Training is being delivered by the TTU to support screening changes as a result of implementing the Smiths CTiX 3D equipment at the AvSec screening points at Christchurch, Auckland and Dunedin, with Wellington and Queenstown next in line for this training.

The Auckland ICAO aviation security training centre provided:

- ICAO AvSec national instructors course in August 2023 at the Auckland aviation security training centre with participants attending from throughout the Asia / Pacific region
- ICAO quality control programme workshop in October 2023 at the Auckland aviation security training centre with participants attending from throughout the Asia / Pacific region
- ICAO national inspectors course in March 2024 at the Auckland aviation security training centre with participants attending from throughout the Asia / Pacific region
- ICAO AvSec national instructors course in August 2023 at the Auckland aviation security training centre with participants attending from throughout the Asia / Pacific region.



People statistics

Total staff numbers

	2019	2020	2021	2022	2023	2024
Headcount (excluding contractors)	1,409	1,572	1,530	1,590	1,828	1,928
Full-time equivalent	1,295	1,430	1,408	1,536	1,770	1,803

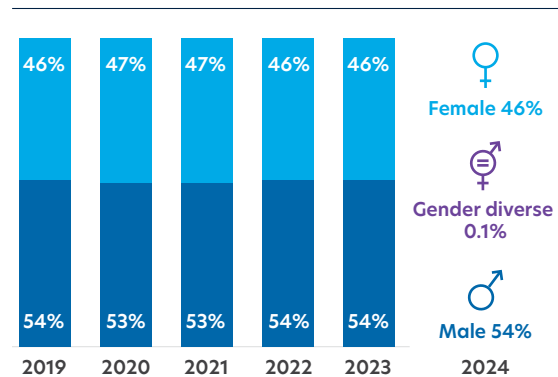
Staff turnover (unplanned)

	2019	2020	2021	2022	2023	2024
The Authority	11.42%	10.18%	9.41%	13.7%	14.4%	8.7%
Public Service	11.8%	10.1%	10.5%	17.3%	-	-

Management gender profile

	2019	2020	2021	2022	2023	2024
Male	64%	63%	60%	61%	59%	60.9%
Female	36%	37%	40%	39%	41%	39.1%
Gender diverse					0.0%	0.1%

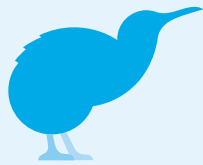
Gender profile



Ethnicity

	2019	2020	2021	2022	2023	2024
Not reported	64%	53%	53%	47%	39%	35.0%
NZ European	19%	23%	38%	40%	45%	39.0%
Asian	5%	9%	10%	12%	16%	14.9%
Pasifika	3%	4%	5%	6%	7%	5.4%
Māori	3%	4%	5%	5%	7%	4.1%
Other	6%	7%	1%	1%	2%	1.6%

Other people info



KiwiSaver enrolments

100%
enrolled



Average age

44.4
years old



Proportion of employees
who have disclosed
disabilities

2.1%



Employment status

78%

frontline

22%

managerial and support



Employment relations

55%

collective

45%

individual

Regulatory strategy

Our regulatory strategy articulates our approach to regulating aviation safety and security in order to achieve our vision. It also sets out how we'll conduct our regulatory activity, our priorities, and how we'll stay true to our values.

Being intelligence-led and risk-based are prominent aspects of our approach to safety and security, and the Regulatory Safety and Security Strategy describes what this means in practice. Nested underneath the Regulatory Safety and Security Strategy are two operational delivery plans – AvSec's Horizon 2030 and the Regulatory Capability Plan.

We use three fundamental principles to guide, inform, and underpin our regulatory approach. They're the basis for the decisions we make about work priorities and the standards we set for ourselves and for civil aviation participants. They determine much of what we do as a regulator. They are:

1. Public safety and security are paramount.
2. A safe and secure aviation system is a shared responsibility.
3. Collective learning and continuous improvement are critical.

Our focus for last year, as set out in the 2023/24 Statement of Performance expectations was to:

- Continue to engage internally and externally on the Regulatory Safety and Security Strategy. This includes the development of a Regulatory Safety and Security Strategy introduction video, and the roll out of workshops for our people.
- Develop a safety delivery strategy that will describe our five-year regulatory capability plan to evolve into an intelligence-led and risk-based regulator.
- Develop two new operational policies to reflect the intent of the Regulatory Safety and Security Strategy - the Certification and Licensing Policy, and the Monitoring Policy.

- Embed the Authority's intelligence-led, risk-based model and mature our intelligence capability.
- Connect the implementation of the new business system Kapua with the intent of the Regulatory Safety and Security Strategy.

Performance in 2023/24

In March 2024 the Authority published its Regulatory Capability Plan with the intent of delivering on the Regulatory Safety and Security Strategy including a primary focus on our regulatory functions and the capabilities we plan to build. The Regulatory Capability Plan sits alongside Horizon 2030.

A two-minute video describing the Regulatory Strategy has been produced and rolled out as part of the internal and external engagement. Operational policies for Certification and Licensing, and for Monitoring have been created and published, both give life to the regulatory strategy.

Our maturity as an intelligence led, risk based modern regulator is improving, aided by our Regulatory Safety and Security Strategy, which describes our role and purpose, and the roll out of Intelligence learning modules for our people.

The Regulatory Safety and Security strategy is currently being refreshed to reflect the ever-changing aviation environment and changes to our primary legislation. However, the regulatory models, our principles, and our intent to evolve to become a modern regulator remain.

Digital

The Authority's system interoperability and scalability continues to improve as legacy systems are replaced with modern, ever green services. This includes starting the migration to the Cloud, adopting as-a-Service offerings, and replacing or enhancing existing systems.

Routine digital maintenance continues to make sure our systems and platforms remain stable and available. Security enhancements and firewall updates have been implemented to improve resilience and protect against the dynamic cyber threat environment.

However, further work is required. New digital technologies provide an opportunity to transform the way the Authority's safety and security regulatory activities are delivered.

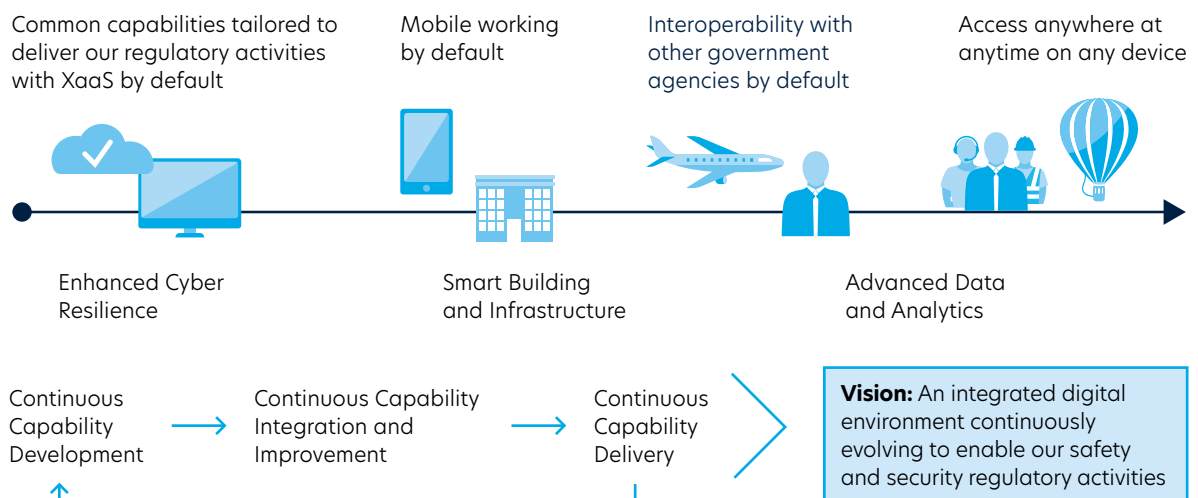
The vision is an integrated digital environment, continuously evolving to enable our safety and security regulatory activities. This will be achieved by focusing on digital-enabled services that meet the needs of our people in a continuously evolving world.

Our aim is to make it easier for our people to have seamless access to the digital technologies and data they need to deliver our safety and security regulatory activities. This is facilitated by driving toward a partnership by default approach with other government agencies for innovation and efficiencies.

Our focus for last year, as set out in the 2023/24 Statement of Performance expectations was to:

- Update the digital platform that we use to support our regulatory work (Kapua). This is an essential project for the Authority and delay could leave us at risk of failing to deliver regulatory services.
- Deliver on our digital services strategy.

Integrated Digital Environment infographic 2024



Digital projects delivered or started in 2023/24 were:

- Progressing the implementation of Kapua to replace the Authority's core safety regulatory application
- delivery of a digital strategy to align with strategic outputs of the Authority
- delivering services for our national office in Wellington, designed as nationally reusable managed services
- initiating projects to deliver an enterprise data repository, including airport passenger data
- delivering of devices-as-a-service, providing suitable and sustainable devices to staff
- delivering of a future network design.

Kapua

Kapua is replacing the Authority's outdated core safety regulatory platform used to support our regulatory work.

The current system is out of support and uses end-of-life technology which cannot be enhanced to meet the Authority's future needs. The replacement system, Kapua, is a robust, secure system which will support the Authority to improve safety performance across the aviation sector. The new system will enable online interaction for participants, allow for future services and process improvements, and support our aspiration to be an intelligence driven, risk-based regulator.

In October 2023, the first project to move to the new Kapua system, an online web portal, was implemented. This portal, MyAviation, enables pilots, flight crew, maintenance engineers and air traffic controllers to register, apply securely online for their licences and track the status of their applications. There was a successful uptake in online applications, with over 2200 participants now registered for MyAviation.

Development continues to move the remaining regulatory processes onto the new platform by the end of 2024. This includes medical, organisation, aircraft registration and type certification. Further development is planned for digital regulatory services, including occurrence reporting, medical information submission, and other interaction via MyAviation.

Resource stewardship

Our intention is to manage our resources sustainably, ensuring the long-term viability of our business, with a low impact on our environment. Resource stewardship includes workplace, sustainability and financial stewardship.

Workplace and Sustainability

Our workplace is at the heart of everything the Authority does.

We use our workplaces every day of our lives. We work, learn and relax in them. We use our workplaces to deliver our safety and security regulatory activities to create safe and secure aviation system – so people are safe, and feel safe, when they fly.

The Climate Change Response Amendment Act 2019 targets zero net greenhouse gas emissions by 2050. We all have a part to play to contribute to decreasing our emissions. The Authority is looking to a future where sustainability must be considered in everything we do. Sustainability should not only be core consideration in terms of our workplaces, but as a central consideration in all activities we do to achieve our safety and security outcomes.

We're continuing to change the way we operate and collaborate. This approach will lead to better outcomes and deliver the best possible workplace experiences for our people and participants.

We are doing this by:

- Partnering and co-designing our future workplace experience to respond to how the Authority delivers our safety and security regulatory activities
- taking a system leadership role for workplace with border agencies and airports, with co-location and partnership by default
- leading the Authority to net zero carbon emissions
- leading and owning the workplace experience with airports and border agencies, with a shared destiny for long-term sustainable outcomes.

Workplace and Sustainability projects delivered or started in 2023/24:

- Completed the return to our head office workplace (Asteron Centre Wellington)
- achieved Toitū carbonreduce certification
- delivered new fit for purpose vehicles for our Explosive Detector Dog Unit
- planning and delivery of co-location spaces with other government agencies at airports, ensuring our resources are used efficiently
- started work on workplace and sustainability strategies.

Our approach to sustainability and emission reduction

The Authority is looking to a future where sustainability is considered in everything we do. As we identify additional emissions categories and our data quality improves, we expect our emissions profile to increase. Then, we expect to see policies and procedures we have put in place to decrease emissions take effect. We also expect to offset any emissions we are unable to reduce through policy and behaviour change, by purchasing carbon credits.

We achieved Toitū carbonreduce certification this year. This certification is a voluntary climate impact programme that helps us measure, manage, and reduce greenhouse gas emissions. It is the only certification in New Zealand accredited by JASANZ to international standards (ISO 14064-1:2018). Achieving and maintaining certification is an annual requirement.

Carbon Neutral Government Programme

All government agencies, including the Authority, now participate in the Carbon Neutral Government Programme (CNGP) showing commitment and action towards achieving targets set by the Climate Change Response (Zero Carbon) Amendment Act 2019.

We have completed our first year of emissions data collection, measurement, and reporting against our Base Year 2022/23 (benchmark year). Last year we set science-based gross emission reduction targets of 42% by 2030 (from Base Year) as a requirement of the CNGP, consistent with the Zero Carbon Act 2019 target of net-zero greenhouse gas emissions by 2050. Science based (or aligned) targets (SBTs) are targets that

are aligned with the Paris Agreement’s goal of limiting the global average temperature increase to 1.5°C above pre-industrial levels.

We published two emissions reduction performance measures in the Authority’s 2023/24 Statement of Intent. The measures and 2023/24 actuals are set out below:

Performance Measure	2023/24 Target	2023/24 Actual
Publish an Authority emissions reduction plan by 25 June 2024	Achieved	Achieved
Start reporting Authority emissions from December 2023	Achieved	Achieved

Emissions profile and targets

Base year 2022/23 total gross emissions: 2,983 tCO₂e⁸

2023/24 total emissions: 2,459 tCO₂e⁹

2024/25 target: Reduce our absolute gross emissions by 12% or 357.96 tCO₂e from Base Year

2030 target: Reduce our absolute gross emissions by 42% or 1,252.86 tCO₂e from Base Year

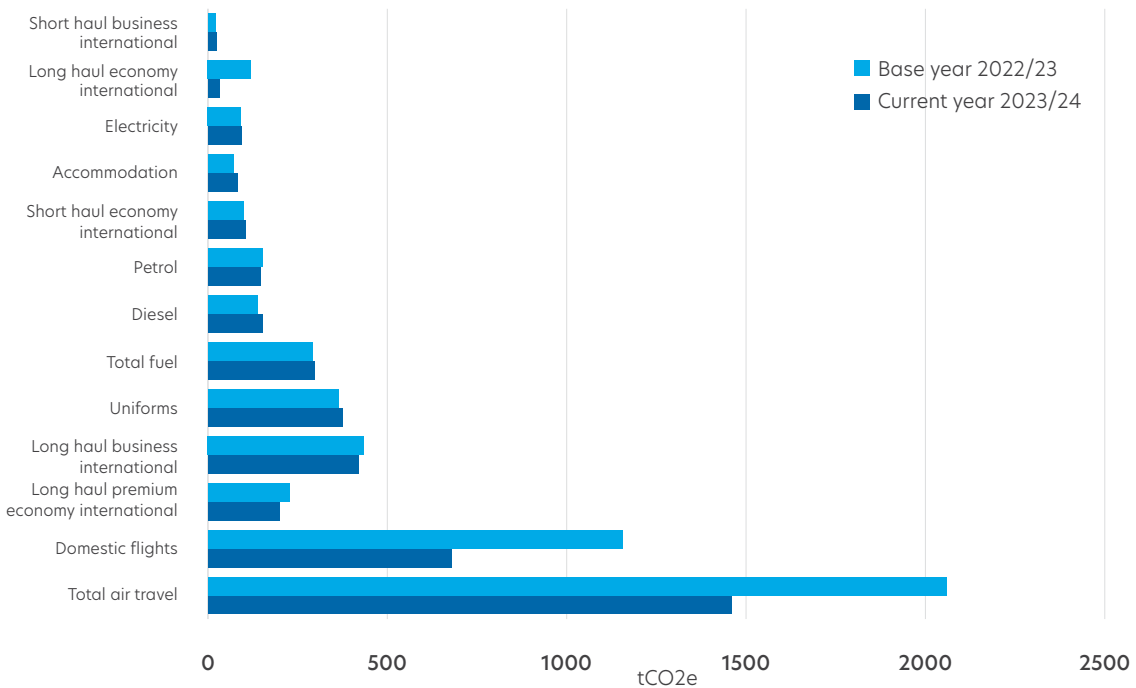
8 This figure is changed from 2,511 tCO₂e reported in page 66 of the 2022/23 Annual Report. This is because the base year total emissions has been independently audited and a revised total determined.

9 All figures for the reporting year are preliminary and unverified.

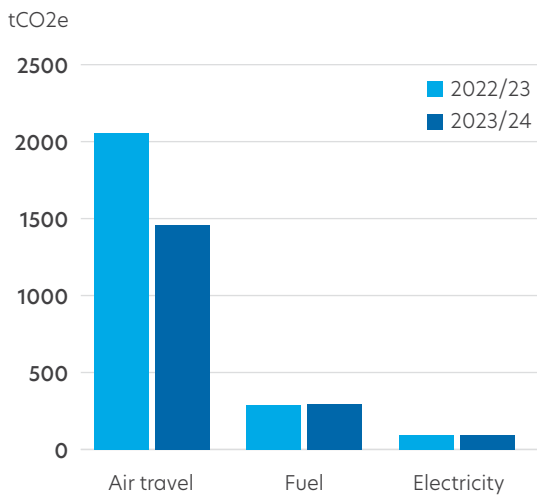


The graphs below show emissions in 2023/24 compared with the 2022/23 base year. The decrease is from a reduction in air travel largely attributed to financial controls.

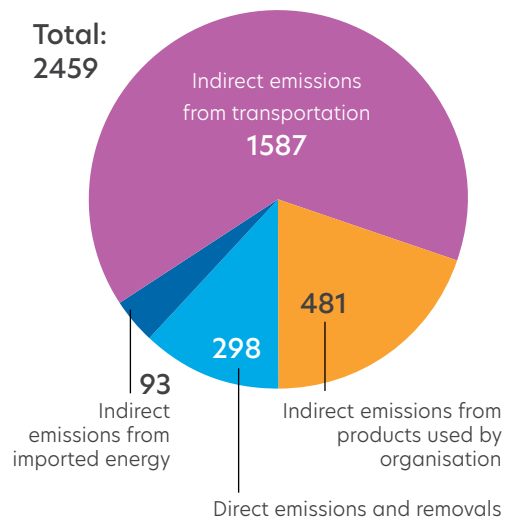
Emissions reporting



Top 3 emissions source 2023/2024



2023/24 emissions by major categories



Finance and commercial

Financial stewardship involves managing our resources in an efficient, economical, and ethical manner to achieve the Authority's safety and security regulatory activities. A strong internal control environment facilitates this by ensuring public funds are managed transparently, accurately, and independently, ensuring everything we do supports the delivery of better safety and security regulatory outcomes.

Funding

The Authority has three primary sources of revenue:

- Aviation participant fees and charges for licensing and certification.
- Passenger based levies for civil aviation regulatory safety and security activities.
- Funding from the Crown, for policy advice, rules and standards development, and the administration of the Health and Safety at Work Act obligations. This also includes funding for maritime security work, and capital funding as required.

Additionally, we continue to receive Crown liquidity funding enabling us to maintain core statutory safety and security regulatory activities.

Performance in 2023/24

Financial overview

The financial results for the 2023/24 continue to be influenced by the post-pandemic recovery of the aviation sector. Traditional revenue sources such as levies paid by airlines and demand driven fees and charges, recovered further in 2023/24.

International passenger numbers increased throughout 2023/24, recovering to 88% of pre-pandemic levels. Domestic passenger numbers recovered to 90% of pre-pandemic levels in 2023/24. This resulted in the Authority receiving \$4.6 million more international passenger-based levies and \$1.3 million more domestic passenger-based levies than it initially budgeted.

Despite the positive recovery trend, the Authority continued to be reliant on Crown liquidity funding. The Crown liquidity funding received for 2023/24 was \$72.053 million, representing the gap between the service cost and what could be recovered from the industry.

Crown liquidity funding made up 31.3% of the total revenue (lower than budgeted 33% but higher than the 2022/23 actuals of 30.1%). This year-on-year change was caused by inflationary pressures exceeding the rate of recovery in passenger-based levy revenues.

The Authority's reserves continue to remain exhausted whilst reliant on Crown liquidity funding. This restricts the Authority's ability to replace assets and respond to immediate safety and security regulatory risks. Should proposed increases to fees, levies and charges be accepted as part of the pricing review currently out for public consultation, the Authority will return to being self-funded from 1 July 2025, with reserves slowly being rebuilt to within policy levels across the two-year period of the review.

Key results

CAA

CAA finished 2023/24 with an operating deficit of \$2.2 million, largely because annual depreciation is not recoverable whilst on Crown liquidity funding. An impairment expense was also recognised against part of the Kapua project which is also not funded by liquidity funding.

Total expenses were \$1.3 million above budget. Personnel costs were \$3.9 million higher than budget due to a faster filling of vacancies in the first half of the year, a greater increase in annual leave liability, and an increase in the actuarial

estimates of long service and retirement leave liabilities. These were partially offset by lower contractor costs, as fixed-term staff were able to be hired for time-limited projects like the new Civil Aviation Act 2023 implementation instead of contractors. Additionally, other costs of services were \$3.0 million below budget due to lower consulting costs and minor IT purchases.

Total revenue was \$0.3 million above budget due to the continuing post-pandemic recovery in international and domestic levies, and an increase in licence fees.

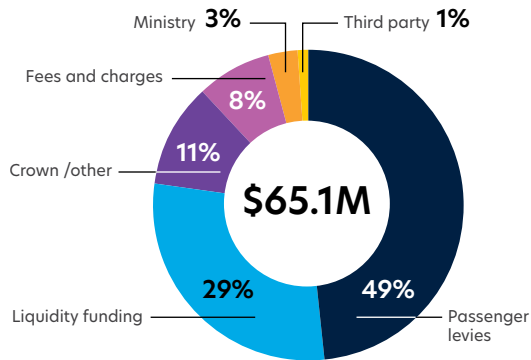
CAA's capital expenditure was broadly in line with the annual budget.

Capital and Asset Management

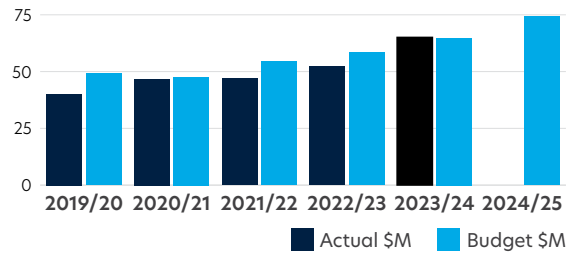
The table below shows comparative actual capital expenditure against budget for CAA.

Regulatory Function	Actual 2024 (\$000)	Budget 2024 (\$000)	% of budget spent	Variance comment
Computer hardware	141	509	28%	Refurbishment of national office (Asteron Centre Wellington)
Computer software	6,675	6,921	96%	Kapua
Plant & equipment	-	-	-	
Furniture & fittings	-	-	-	
Motor vehicles	-	-	-	
Leasehold improvements	4,592	3,888	118%	Refurbishment of national office (Asteron Centre Wellington)
Total	11,408	11,318	101%	

2023/24 Revenue



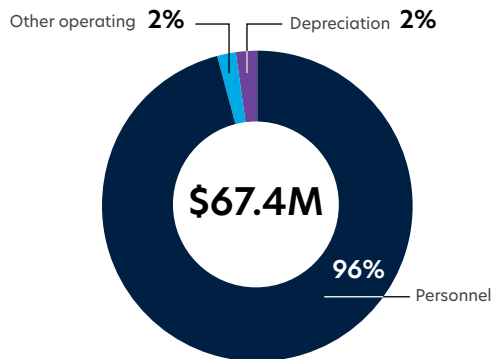
Revenue Trend



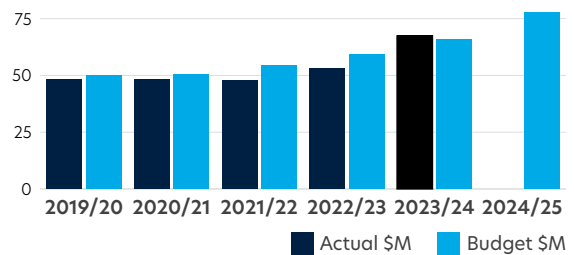
Equity



2023/24 Expenses



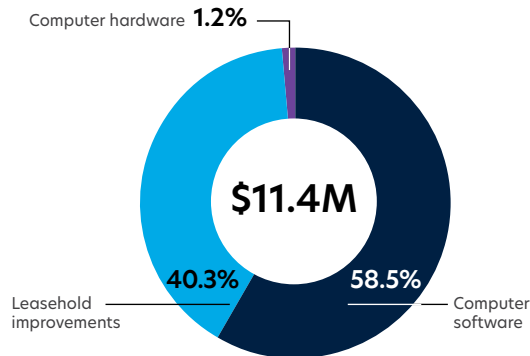
Expenses Trend



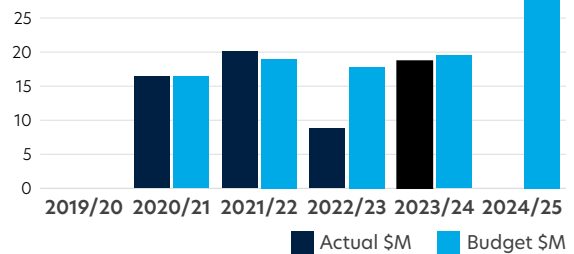
Liquidity



2023/24 Capital Expenditure



Crown Liquidity Support Funding



Passenger Numbers (thousands)



AvSec

AvSec finished 2023/24 with an operating deficit of \$2.0 million, as annual depreciation is not recovered whilst on Crown liquidity funding.

Total expenses were \$1.4 million above budget. Personnel costs were \$2.5 million above budget due to the impact of higher overtime because of higher passenger volumes and measures taken to address unacceptable queues. This was partly offset by lower contractor spend and reduced spend on uniform costs. Depreciation was \$1.7 million below budget due to rephasing of multi-year capital projects, mainly the cabin baggage screening (computed tomography) initiative.

Total revenue was \$5.7 million above budget mainly due to international and transit passenger volumes being significantly above budget (\$5.9 million), increased third party activity (e.g. VIP screening), higher interest income, and a one-off insurance payment (\$0.6 million) for damage to screening equipment during the January 2023 flooding in Auckland.

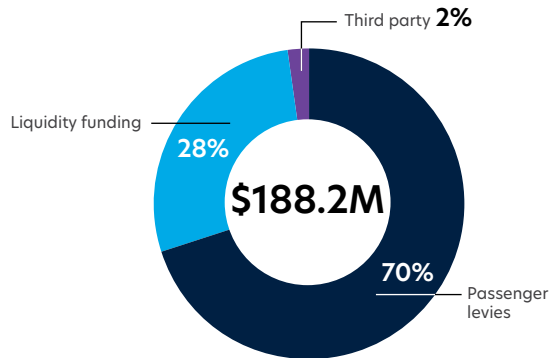
Capital expenditure was \$5.86 million below budget, largely due to the deferral of expenditure on cabin baggage screening (\$2.9m), hold stow screening (\$0.6m), leasehold improvements (\$0.5m) and other equipment (\$0.9m in to financial year 24/25).

Capital and Asset Management

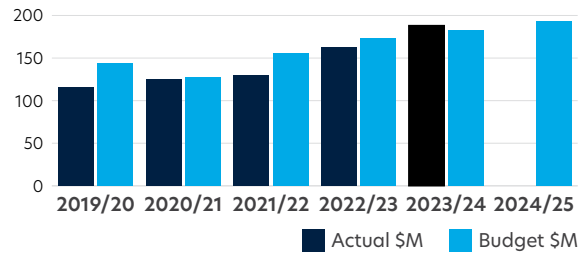
The table below shows comparative actual capital expenditure against budget for AvSec.

Security Service	Actual 2024 (\$000)	Budget 2024 (\$000)	% of budget spent	Variance comment
Computer hardware	-	260	-	
Computer software	50	60	83%	
Plant & equipment	10,209	15,214	67%	Screening
Furniture & fittings	125	242	52%	
Motor vehicles	150	-	-	New airport van
Leasehold improvements	154	775	20%	
Total	10,688	16,551	65%	

2023/24 Revenue



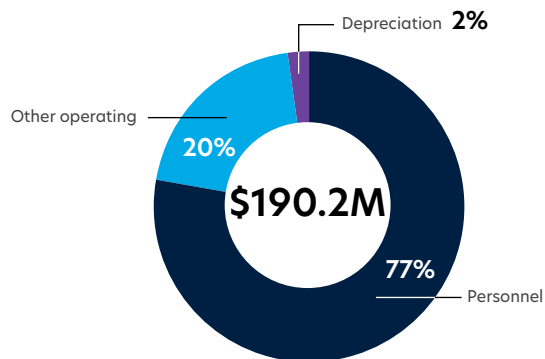
Revenue Trend



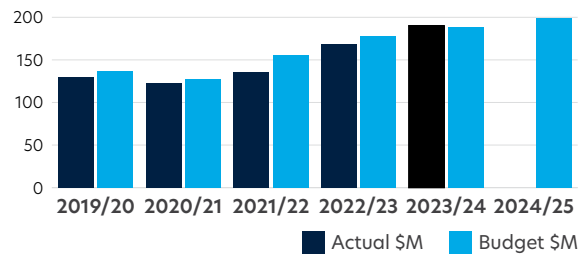
Equity



2023/24 Expenses



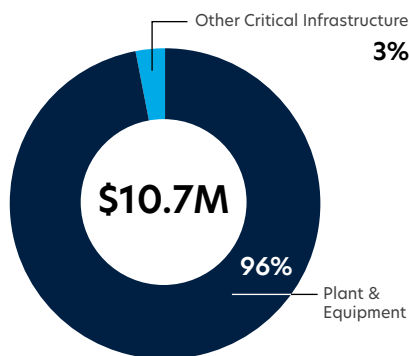
Expenses Trend



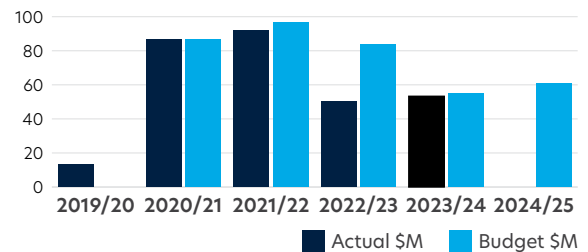
Liquidity



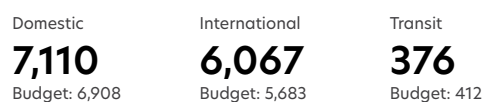
2023/24 Capital Expenditure



Crown Liquidity Support Funding



Passenger Numbers (thousands)



Engagement, education and communications

We strive to communicate effectively as one organisation with our stakeholders, to understand and influence safety and security within the aviation system. To be effective in achieving this, our working relationships need to be founded on mutual respect, integrity, and effective communication. There must be a mutual understanding of our role, responsibilities, and accountabilities.

Our objective is that our people and participants know why we need a safe and secure aviation system, how they can make a difference, and how to access what they need. We want to be a trusted and influential advisor, demonstrating leadership and communicating clearly.

To make sure we do this, we'll align, improve, and deliver our outreach, education, and engagement activities. We'll deliver on our stakeholder engagement plan, building our partnerships and relationships across the sector.

Our focus for last year, as set out in the 2023/24 Statement of Performance Expectations was to:

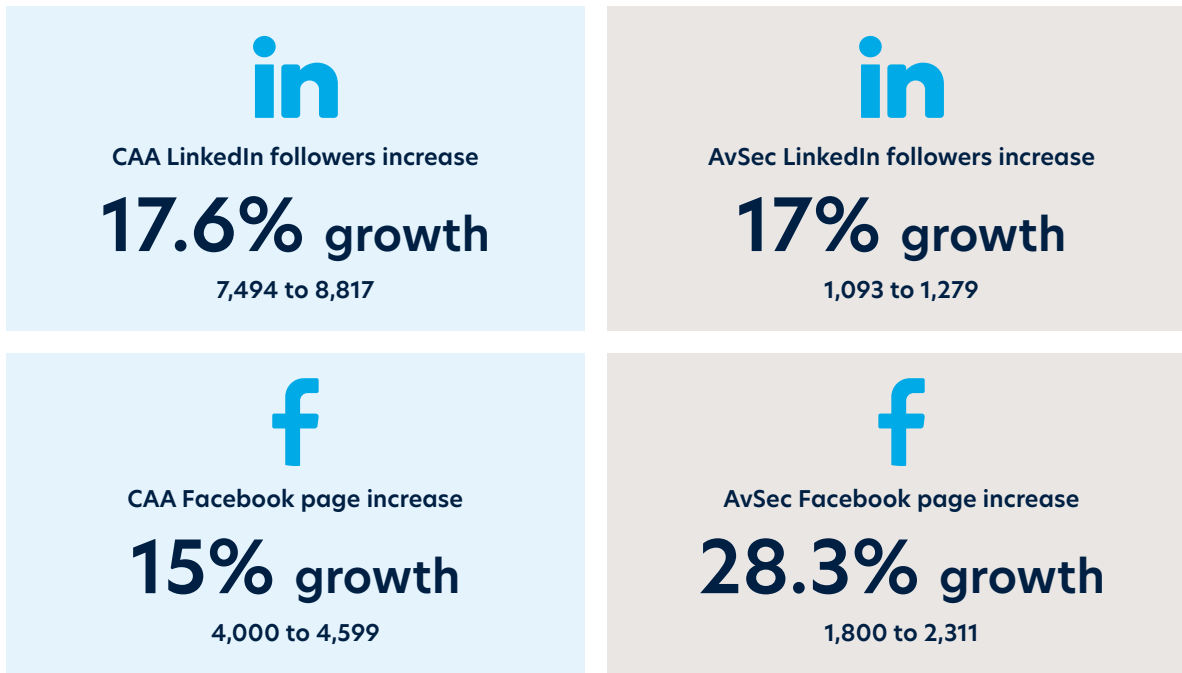
- Continue to deliver and improve our outreach, education, and engagement activities
- establish the foundations of the new stakeholder framework.

Performance in 2023/24

We produced and distributed a record number of 81,000+ publications. These are all demand-driven either by online ordering or produced to address an identified safety need:

- 81,403 publications distributed across 64 titles (34 Good Aviation Practice (GAP) booklets, 21 posters, and 9 products).
- 45,333 GAP booklets distributed (most popular being the How to be a pilot GAP booklet, with 4793 distributed).
- 7642 posters distributed (most popular being the standard overhead join (right-hand pattern) poster, with 970 distributed).
- 28,415 products distributed (most popular being the CAA400 Maintenance record sheet product, with 8300 distributed).
- We produced the CAA's flagship safety publication, *Vector* magazine, each quarter, with 59,056 copies distributed over the year (average of 14,764 copies distributed per issue).
- In addition to the normal *Vector* issues, a special issue containing stories and advice from our safety investigators was produced and 14,544 copies distributed.
- *Vector Online* stories continued, accompanied by our audio stories.

All our Social media channels experienced double-digit growth in followers



Now in its eighth year, the annual Verian Group (formerly Kantar Public) 'Public Sector Reputation Index'¹⁰ results saw CAA and AvSec in the top 13 (of 58 agencies).

Out of 58 public sector agencies in New Zealand, CAA ranked 11th place and AvSec at 13th, scoring our reputation very high in New Zealand's public opinion. The CAA saw a year-on-year improvement of seven places in the index.

CAA also increased its score on all fronts (trust, social responsibility, leadership, fairness) with a four-point increase in leadership and fairness and three-point gains in trust and social responsibility.

AvSec has maintained its 2023 score in trust and social responsibility and improved in leadership (up one point) and fairness (up two points).

The Authority website www.aviation.govt.nz continues to be a sought after and well-used communication channel, with more than 3.3 million page views in the last 12 months. The top five most visited pages are visited by a mix of aviation participants and the general public.

In order:

1. Aircraft register search
2. Rules
3. Advisory Circulars
4. PLAGs
5. What can I bring?

Almost 61 percent of visitors access the website from a desktop device. The website had an unusually high session time - average duration of 5.02 minutes, indicating a high level of engagement.

¹⁰ Verian Group 2024 Public Sector Reputation Index (www.veriangroup.com/insights/thought-leadership/public-sector-reputation-index-nz).

Strategic and business planning, reporting, quality and assurance

The Authority has a continuing responsibility to both the Crown and public to deliver its regulatory activities efficiently. This must be done within the limits of available expenditure, and in accordance with our legislative requirements as set out in the Civil Aviation Act 1990, Crown Entities Act 2004, Public Finance Act 1989, and Public Service Act 2020.

In 2024, the Authority undertook two internal reviews – regulatory capability and Mahi Tahī – to:

- Prepare the organisation for the implementation of changes resulting from the Civil Aviation Act 2023
- understand the Authority's long term resource profile
- improve the Authority's systems, practices, and structures to support regulatory effectiveness and efficiency
- ensure that the Authority can play its role in supporting economic development through the delivery of aviation initiatives.

Work continues to identify specific improvements and efficiencies from the reviews that can be implemented in 2024/25.

The regulatory capability and Mahi Tahī reviews are an important component of the Authority's ongoing effectiveness and efficiency work. Other work to date includes a reduction in contractor spend, savings through improved procurement processes, and a considered approach to recruitment.

Ongoing organisational effectiveness requires the use of tools including performance reporting and business planning. These enable the Authority to deliver its core business efficiently by focusing on the right activities at the right time and using our resources and finances to best effect.

The tools we use are further outlined below. Each one touches on every aspect of the organisation and considers ministerial and government

priorities, as well as the changing safety and security requirements of the aviation sector and system users.

Strategic and business planning

Strategic and business planning are about having a coherent strategy articulating how the organisation will achieve its vision and purpose, while using tools to amend that vision and purpose as the environment changes. The strategy will be operationalised through enterprise business planning. This helps us to prioritise our activities and ensure we deliver on our strategy.

Performance reporting

We consult, brief, and report to the Minister of Transport regularly, covering:

- Progress against the Statement of Intent and Statement of Performance Expectations
- risks and issues that may affect performance and organisational capability (including relationship management)
- financial management
- other matters as agreed with the Minister.

The Authority reports annually to the Minister of Transport and all other stakeholders against the Statement of Intent and the Statement of Performance Expectations, through the Annual Report.

Assurance

Our assurance management is based on an integrated quality assurance and risk framework. Assurance plans are developed on four considerations: compliance and audit (retrospective), quality and operations management (contemporary issues assurance), strategic and corporate risk (forward view), and emerging issues (dynamic issues).

Risks

Our risk management is aligned with on the AS/NZS ISO31000:2009 risk management standard.

We regularly assess strategic and corporate risks, using the categories of stakeholder, reputation, financial, people, wellbeing, and health and safety. Risks are managed to ensure that residual risk is as low as reasonably practicable and reported quarterly to the Minister of Transport.

Performance in 2023/24

Our focus for last year, as set out in the 2023/24 Statement of Performance Expectations was to:

- Establish clear goals and pathways to deliver and carry these through with a performance and quality cycle that supports success
- have the tools to ensure we focus on the right things, make the right decisions and use our resources to best effect.

In 2023/24 we continued to develop and refine our tools to support business and strategic planning, quality systems, risk management and assurance, and project management across the Authority.

Highlights include:

- Completing five internal audits to improve the effectiveness of the Authority's onboarding and offboarding process, controls for risk mitigation, and prioritising issue assessments. These audits also tested that the Authority's health and safety framework and software licencing are both in line with good practice
- launched a refreshed continuous improvement portal to enable our people to submit ideas to improve delivery
- continued to support the Authority's project management maturity (P3M3) uplift
- undertook a prioritisation process at the enterprise level to ensure the Authority is investing in, and delivering, projects supporting our core safety and security functions (including transitioning to a modern regulator) while responding to legislative requirements and international standards.

Statements of performance



Statement of responsibility

Pursuant to the Crown Entities Act 2004, the Authority accepts responsibility for:

- Preparing the financial statements and the statements of performance and for the judgments used therein
- establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting
- providing any end-of-year performance under section 19A of the Public Finance Act 1989.

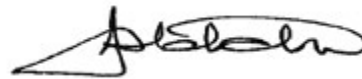
In the opinion of the Authority, the financial statements and statements of performance fairly reflect the financial position and operations of the Civil Aviation Authority for the year ended 30 June 2024.

Signed on behalf of the Board



Mark Darrow Chair of the Civil Aviation Authority of New Zealand

31 October 2024



Jill Hatchwell Chair of the Audit, Risk, and Assurance Committee

31 October 2024

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Civil Aviation Authority's financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of the Civil Aviation Authority (the Authority). The Auditor-General has appointed me, Ingrid Harris, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of the Authority on his behalf.

We have audited:

- the financial statements of the Authority on pages 128 to 157, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information which reports against the Authority's statement of performance expectations and appropriations for the year ended 30 June 2024 on pages 90 to 125.

Opinion

Unmodified opinion on the financial statements

In our opinion, the financial statements of the Authority:

- present fairly, in all material respects:
 - its financial position as at 30 June 2024; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Qualified opinion on the performance information

In our opinion, except for the possible effects of the matter described in the "Basis for our opinion" section of our report, the performance information of the Authority for the year ended 30 June 2024:

- presents fairly, in all material respects, for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
- presents fairly, in all material respects, for the appropriations:
 - what has been achieved with the appropriations; and
 - the actual expenses or capital expenditure incurred as compared with the expenses or capital expenditure appropriated or forecast to be incurred; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2024.

This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

Performance information: Our work was limited in the prior year in relation to the performance measure on issued certificates and licences meeting the Authority's quality and timeliness standards

The Authority has included a performance measure that *"All certificates and licences that we issue (for personnel, organisations, aircraft, and service providers) meet our quality and timeliness standards"*.

As disclosed in footnote 21 on page 113 the Authority measures the quality aspect of this performance measure from the results of quality assessments completed over a sample of certificates and licensing applications issued during the year. In the prior year, the Authority was still developing the methodology for conducting these quality assessments, and we noted issues with the design and implementation of the assessments. Due to these issues, we were unable to obtain sufficient appropriate evidence to conclude whether the reported performance was materially correct.

As a result, our work in the 2023 performance year was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported result for the performance measure described above.

This issue has been resolved for the 30 June 2024 year. As the limitation on our work cannot be resolved for the 30 June 2023 year, the Authority's reported performance for this performance measure for the 30 June 2024 year may not be directly comparable to the 30 June 2023 performance information.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Authority for preparing financial statements and performance

information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Authority for assessing the Authority's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Authority, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Authority's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the performance information which reports against the Authority's statement of performance expectations and appropriations.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 85 and 158 to 164 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Authority in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Authority.



Ingrid Harris

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Disclosure of judgements

Reporting Entity

How the Authority is set up as an entity is described on page 94.

The performance measures which the Authority uses for reporting are detailed in our Pathways on pages 30 to 59, in our building blocks on pages 60 to 83 and in our output classes on pages 102 to 125.

Statement of compliance

Our statements of performance section has been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period, and it complies with PBE financial reporting standards.

As the Authority has received financial contribution through the Vote measures, it's mandatory to report on these as per legal requirements stated within the Public Finance Act.

We've made judgements on the application of reporting standards and estimates and assumptions concerning the future, discussed below. The estimates and assumptions may differ from the subsequent results.

Critical reporting judgements, estimates and assumptions

Performance measures have been selected for our key activities. In selecting measures, we have made judgements to determine which aspects of performance are relevant and material to readers.

These measures are consistent with what's used for management and internal decision making.

For the reporting year 2023/24 there were constraints collecting performance information for three performance measures:

4.1.1 HSWA in aviation	2022/23 Actual	2023/24 Target
We'll complete health and safety assessments, investigations and audits within: ¹¹		
180 days	33%	70%
12 months	80%	100%

The information about timing of health and safety assessments, investigations' and audits was not available in 2023/24 due to a change in recording systems.

4.1.3 Assessment of regulatory investigations	2022/23 Actual	2023/24 Target
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.	Achieved	100% of those assessed comply

Information about timing and compliance of regulatory investigations with our regulatory model was not available in 2023/24 due to the unavailability of a third party to conduct the independent assessments.

¹¹ This performance measure is included in the 2023/24 Estimates for Vote Transport, in addition to its inclusion in the Authority's 2023/24 Statement of Performance Expectations.

Survey on confidence in safety and security in air transport	2022/23 Actual	2023/24 Target
Measure included in Estimates (not in Statement of Performance Expectations)		
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 2022/23	Maintained
Percentage of resident travellers that felt extremely or very safe and secure.	Survey not run in 2022/23	75% or greater
Percentage of overseas travellers that felt extremely or very safe and secure.	Survey not run in 2022/23	92% or greater

The survey was most recently conducted in September 2022. The survey will not be conducted until November or December 2024, therefore the results were not available in time for the publication of the 2023/24 Annual Report.

Performance information was available for all other performance measures.

Given the size, diversity and complexity of our functions and services, we've grouped our material judgments under the following subsets:

- Policy and regulatory strategy
- outreach and education
- certification and licensing
- monitoring and inspection
- security service delivery.

The Authority acknowledges that our measures need to be continually reviewed and improved on to fairly reflect the performance activity we undertake. A review of our current measures has been undertaken and is reflected in the 2024/25 Statement of Performance Expectations.

Policy and regulatory strategy

At the Authority we need to measure the quality of our policy and regulatory strategy within the international context as well as domestically for the Ministry of Transport and the minister.

The Authority is a signatory state to the Chicago Convention as part of our ICAO obligations. Our level of compliance to SARPs is determined by either aligning to the SARPs or filing a difference with ICAO outlining why, within the NZ context, there's no need for the state to adopt a particular SARP.

Our quality of policy advice provided to Ministry of Transport, and then the minister, is measured with a bi-annual survey to the minister, where four questions are asked as to the quality of our policy advice and the answers provided to ministerial servicing, correspondence, briefings and parliamentary questions.

Both aspects help inform what our rules and standards programme should be, and how we work with Ministry of Transport to deliver on development of rules and standards so they're fit-for-purpose for the evolving aviation sector. Measures are outlined in Output Class 1 on page 104.

Outreach and education

The Authority strives to communicate effectively as one organisation with our stakeholders, to understand and influence the safety and security of the aviation system.

This is achieved through stakeholder communications, education courses, safety campaigns and published safety reports. Success of our outreach and education activity is measured by the number occurring throughout the year. These are demand driven, and therefore the target number stated is an arbitrary number based on an estimation of what could occur in any given year.

Outreach measures can be found in Output Class 2 on page 108.

Certification and licensing

Our core aviation safety activity centres around making certain that personnel, organisations, aircraft, and service providers all meet the requirements to enter the aviation system. We check the quality of applicants before issuing a certificate or licence, and once in the system, renewals are actioned in a timely manner to enable a participant to remain current.

Certification and licensing measures are contained in Output Class 3 on page 112.

Monitoring, and inspection

Once participants are operating within the system, it's important that the Authority monitors and inspects participants to make sure they are operating according to the aviation rules and standards. As it's not possible to monitor all participants in any given year, an intelligence-led and risk-based approach selects the areas of focus.

A count of the number of oversight activities and investigations is reported on each year. Given investigations are dependent on activity within the sector, a target number should not be set, and this will be revisited for the 2024/25 performance year. However, for the 2023/24 year this information has been provided to give context based on historical trends.

When there's an incident or occurrence, the Authority needs to investigate these, to ensure there's no activity occurring which could make our skies unsafe. Investigations need to be completed in a timely manner to make sure any needed changes can be made. We measure the number completed within 180 days with a target of 100% completed within 12 months. These two time periods have been selected due to the complexity of investigations, that multiple parties can be involved, and the importance of a quality investigation. An independent audit is undertaken each year, with 5% of regulatory investigations being sampled to confirm compliance against the regulatory strategy and regulatory enforcement policy.

Monitoring, inspection and investigation measures can be found in Output Class 4 on page 116.

Security service delivery

People who fly need to feel safe. That requires trust in the aviation security system. The measures outlined in Output Class 5 on page 120 helps to give the flying public confidence that nothing has got onto an aircraft that shouldn't.

AvSec attends international forums and keeps up-to-date with developments within the screening technology area to ensure we provide a security screening service which keeps passengers safe and secure.

The measures in Output Class 5 have been revisited ahead of the 2024/25 performance year.

Cost allocation policy

A number of cost-based measures in our statements of performance section demonstrate the cost-effectiveness of our activities. Cost allocations include two components:

- 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.

Performance measure footnotes or additional information

The Authority includes footnotes or additional information for some performance measures.

These further explain how the performance measure is calculated or give reasons where there is a significant variance to target.

An introduction to the statements of performance

The statements of performance report against the performance measures contained in the Statement of Performance Expectations 2023/24. Service performance information in this section is presented in accordance with PBE FRS-48.

Contextual information about the Authority - who we are and what we do

Who we are

We are the government's primary civil aviation safety and security regulator.

What we do

We undertake safety and security functions contributing to an integrated, safe, responsive, and sustainable transport system.

Our vision and purpose

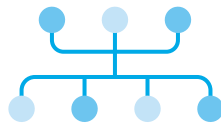
A safe and secure aviation system so people are safe and feel safe when they fly.

About the Authority

Established in 1992 as a Crown entity, operating under the Crown Entities Act 2004. Civil aviation in New Zealand operates in a system established and maintained by the Civil Aviation Act 1990.



Responsible to the Minister of Transport



Governed by a board of between five and seven members ("the Board")



Primary objective is safety and security

Our regulatory functions

The Authority (as the Civil Aviation Authority and the Aviation Security Service are collectively referred to) delivers regulatory functions through two operations:

The Civil Aviation Authority - Te Mana Rererangi Tūmatanui o Aotearoa (CAA) - responsible for maintaining the safety and security of the aviation system, through regulation.



Policy and regulatory strategy



Outreach



Certification and licensing



Surveillance and investigation



Security service delivery

We deliver through our three pathways, set out fully as part of our strategic framework on page 26.

Leadership and influence

Through regulatory leadership we influence a safe and secure civil aviation system for New Zealand. Success here is when our stakeholders are engaged, and when we see behaviours improve as a result of what we do.

Types of activity are:

- Providing advice, guidance, and information to the public and aviation participants
- leading New Zealand's international engagement to meet ICAO requirements
- supporting our Pacific neighbours with their aviation security programmes
- participating in border executive board
- contributing to all of government security responses
- contributing to environmental work across government.

This pathway maps onto output classes 1 and 2.

Active regulatory stewardship

We monitor and care for the civil aviation regulatory system through our policy and operational responsibilities. Success here is when our regulation is fit for purpose and our reputation is strong.

Types of activity are:

- Continually improving the effectiveness of our policies and practices through our intelligence-led and risk-based approach
- ensuring ICAO policy settings are effective for New Zealand

- contributing to the development and now implementation of the new Civil Aviation Act 2023
- managing the Minister of Transport's aviation safety and security policy and rules programme, in partnership with the Ministry of Transport
- exploring and supporting the safe development and use of new technologies.

This pathway maps onto output classes 1, 3, and 4.

Professional regulatory practice

We act to identify risk and reduce it through intelligence-led intervention. Success here is evident in the reduction of risk to safety and security within the system.

Types of activity are:

- Controlling entrance into the aviation system through certification and licensing
- constantly monitoring and inspecting to ensure continuously safe operations within the aviation system
- investigating of accidents and incidents to learn how we can reduce risk within the system
- delivering security screening activities at security designated airports
- conducting perimeter patrols and access control checks at security-designated airports
- operating the airport identity card system
- supporting other government agencies with security services as requested, including a maritime security response.

This pathway maps onto output classes 2, 3, 4, and 5.

The Authority has five output classes

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

The outputs in each output class, performance measures, and actual performance is explained in detail in pages 102 to 125.

Existing and new performance measures are considered each year by operational managers, and retention or changes are recommended to the Authority's leadership team who make decisions about their inclusion in the draft Statement of Performance Expectations (SPE). The draft SPE is sent to the Ministry of Transport (the Authority's monitoring Ministry under the Crown Entities Act 2004), and the Minister of Transport (the Authority's responsible Minister) for consultation, and the final decision is made by the Authority's Board.

Activities funded through Crown appropriation

To comply with our responsibilities under the Public Finance Act 1989, activities that are - as a standard - funded through the Crown from Vote Transport (excluding funding from the Protection of Transport Sector Agency Core Functions multi-year appropriation) are included in both the Authority's Statement of Performance Expectations 2023/24 and in Vote Transport. Relevant activities are funded through separate appropriations within Vote Transport. These activities are denoted by an asterisk*, and a description of the relevant appropriations are included below.

Civil aviation and maritime security services

The multi-category appropriation 'policy advice and related outputs - civil aviation' is intended to achieve a safe and secure airspace environment through the implementation and monitoring of rules and regulations and 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.

These activities funded through this appropriation include:

- International relations and ICAO Obligations (Output Class 1)
- ministerial servicing (Output Class 1)
- policy advice (Output Class 1)
- capacity to respond to requests from Maritime NZ for security assistance (Output Class 5).

This appropriation also included funding to improve safety in the aviation system through recruiting technical capability to support the integration of unmanned aircraft (drones) into controlled airspace (Output Class 4).

Health and safety at work activities - civil aviation

The 'health and safety at work activities - civil aviation' appropriation is intended to achieve a high level of safety and security standards within the New Zealand civil aviation system (Output Class 4).

Civil Aviation Authority capital injection

The Authority received a capital injection to upgrade aviation security infrastructure, the Authority's regulatory technology platform (Kapua), and other critical infrastructure required for the Authority for its regulatory and aviation security role.

Protection of transport sector agency core functions

The 'protection of transport sector agency core functions' appropriation is intended to achieve the protection of core services provided by transport border agencies whose third party revenue has been significantly reduced by COVID-19.

The appropriation operates as a liquidity facility. The Authority draws down funding where the cost of our core functions exceeds the third-party revenue we receive, essentially bridging the gap between our revenue and our expenses. It was established directly in response to the impact COVID-19 had on the fees, levies, and charges we receive.

As part of this funding, the Authority is reporting on two additional measures, relating to maintaining appropriate capability and mitigating costs to the Crown. These are included in the section on page 102, headed performance measures under the Estimates of Appropriations 2023/24 - (Vote Transport, not included in the Authority's Statement of Expectations).

Financial Information about activities undertaken by the Civil Aviation Authority within output classes

To comply with our obligations under the Public Finance Act 1989, activities undertaken by the Civil Aviation Authority that are funded through Vote Transport are indicated within each relevant output class in the Statement of Performance. Relevant financial information is also provided in the tables following each output class performance summary.

A summary of appropriations funded through Vote Transport and from Vote Transport information supporting the Estimates 2023/24 is provided in the tables below.

Vote Transport non-departmental output expenses

Non-departmental output expense	What is intended to be achieved with this appropriation	Actual 2023/24 \$000	Supplementary estimates 2023/24 \$000	Appropriation estimates 2023/24 \$000	Actual 2022/23 \$000
Administration of the Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme (M72).	This appropriation is intended to enable the administration of the Automatic Dependent Surveillance-Broadcast transponders rebate scheme.	-	-	-	179
Health and Safety at Work Activities - Civil Aviation (M72).	This appropriation is intended to achieve a high level of safety and security standards within the New Zealand civil aviation system.	4,001	4,001	4,001	1,201
Protection of Transport Sector Agency Core Functions (M72).	This appropriation is intended to achieve the protectport Sector Agency Core Function agencies whose third party revenue base has been significantly impacted as a result of COVID-19.	71,995	89,457	89,457	56,335
Civil Aviation and Maritime Security Services (M72).	This appropriation funds provision of technical information and advice in relation to international matters affecting New Zealand aviation, standby screening and searching services at ports, the investigation, determining compliance, and enforcement of safety in the aviation sector, and the provision of advice and services by the Civil Aviation Authority to support Ministers to discharge their portfolio responsibilities relating to transport.	3,375	3,375	3,375	3,422

Vote Transport non-departmental other expenses

Non-departmental other expenses	What is intended to be achieved with this appropriation	Actual 2023/24 \$000	Supplementary estimates 2023/24 \$000	Appropriation estimates 2023/24 \$000	Actual 2022/23 \$000
Automatic Dependent Surveillance-Broadcast Transponders Rebate Scheme (M72)	This appropriation is intended to provide rebates to aircraft operators who are required to fit Automatic Dependent Surveillance - Broadcast transponders.	-	-	-	2,896

Vote Transport non-departmental capital expenditure

Non-departmental capital expenditure	What is intended to be achieved with this appropriation	Actual 2023/24 \$000	Supplementary estimates 2023/24 \$000	Appropriation estimates 2023/24 \$000	Actual 2022/23 \$000
Civil Aviation Authority - Capital Injection (M72)	This appropriation is intended to upgrade aviation security infrastructure, the Authority's regulatory technology platform (EMPIC), and other critical infrastructure required for the Authority to undertake its regulatory and aviation security role.	19,706	22,508	22,508	18,863

Additional multi-year appropriation information

Civil Aviation Authority - Capital Injection Multi-year appropriation			\$000s
Appropriation commences	1 July 2021	Original appropriation	113,219
Appropriation expires	30 June 2026	Cumulative adjustments	0
Total adjusted appropriation			113,219
This appropriation is limited to providing capital injections to the Civil Aviation Authority for Aviation Security Service security screening equipment, replacing regulatory technology platform, and other critical regulatory and aviation security infrastructure.		Cumulative actual expenditure 1 July 2023	24,211
		Current year actual expenditure	19,706
		Cumulative actual expenditure 30 June 2024	43,917
		Appropriation remaining 30 June 2024	69,302

Protection of Transport Sector Agency Core Functions			\$000s
Appropriation commences	1 April 2020	Original appropriation	236,600
Appropriation expires	30 June 2024	Cumulative adjustments	167,529
Total adjusted appropriation			404,129
This appropriation is limited to purchase of core services from the Civil Aviation Authority (including Avsec) and Maritime New Zealand that are no longer able to be cost-recovered from third parties as a result of COVID-19.		Cumulative actual expenditure 1 July 2023	314,672
		Current year actual expenditure	71,995
		Cumulative actual expenditure 30 June 2024	386,667
		Appropriation remaining 30 June 2024	17,462

Performance measures under the Estimates of Appropriations 2023/24

(Vote Transport, not included in the Authority's Statement of Expectations)

Non-Departmental Output Expenses

Protection of Transport Sector Agency Core Functions

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual	Comments
Maintain appropriate capability for core functions - appropriate resourcing to meet service level requirements.	Achieved	Achieved	Achieved	
Mitigate costs to the Crown - implement the plan for mitigating costs and any variations as agreed with the Ministry of Transport.	Achieved	Achieved	Achieved	

Civil Aviation and Maritime Services

Survey on confidence in safety and security in air transport

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual	Comments
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 2022/23	Maintained	Survey not run in 2023/24	The survey was most recently conducted in September 2022. It was considered to be indicative of travellers' experience over 2021/22 and the results were published in pages 28 - 29 and 96 -97 of the 2021/22 Annual Report. The survey will be next conducted in late 2024.
Percentage of resident travellers that felt extremely or very safe and secure.	Survey not run in 2022/23	75% or greater	Survey not run in 2023/24	The survey will be next conducted in late 2024.
Percentage of overseas travellers that felt extremely or very safe and secure.	Survey not run in 2022/23	92% or greater	Survey not run in 2023/24	The survey will be next conducted in late 2024.

Non-Departmental Capital Expenditure - Capital Injection

AvSec Security Screening Equipment, EMPIC and other Critical Infrastructure

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
Percentage of planned works delivered to timeframe and standard.	100%	100%	97.7% ¹²

¹² Capital expenditure in 2023/24 is impaired due to the reasons set out in the notes to the financial statements on page 148. Expected capital expenditure on the Kapua project in 2023/24 was \$22 million. The impairment is calculated as \$0.5million or 2.3%.

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, not passive, 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, 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 class

- 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.

Our performance under this output class

Performance under this output class is set out under 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), on pages 32 to 41 of this report. Performance measures have been developed for key aspects of the output class. Performance against these measures is set out immediately below.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
<p>1.1.1 International relations and ICAO obligations</p> <p>*We'll ensure New Zealand's obligations as a signatory state to the Chicago convention are met, where appropriate for New Zealand¹³:</p> <p>Maintained alignment with existing Standards and Recommended Practices (SARPs)</p> <p>Alignment with new SARPS</p> <p>Filing of Differences within required timeframes</p>	<p>Maintained</p> <p>Achieved</p> <p>100%</p>	<p>Maintained</p> <p>Achieved</p> <p>100%</p>	<p>Maintained</p> <p>Achieved</p> <p>100%</p>
<p>1.2.1 Ministerial servicing – civil aviation</p> <p>*Our reports, correspondence and Parliamentary questions will be acceptable to the Minister (assessed through a biannual survey)¹⁴.</p>	<p>Met expectations</p>	<p>Meet or exceed expectations</p>	<p>Not conducted¹⁵</p>
<p>1.3.1 Policy advice – civil aviation</p> <p>*The policy advice we provide to Ministers, government departments and agencies meets the Authority's internal guidelines for quality policy advice¹⁶.</p>	<p>100%</p>	<p>100%</p>	<p>100%</p>
<p>1.4.1 System level design and intervention</p> <p>We assess all emerging issues that impact the aviation regulatory system according to our issue assessment procedures.</p>	<p>100%</p>	<p>100%</p>	<p>100%</p>
<p>1.5.1 Rules and standards development</p> <p>The rules and standards programme is delivered as agreed with the Minister of Transport.</p>	<p>100%</p>	<p>100%</p>	<p>100%</p>
<p>1.6.1 Pacific support</p> <p>Regulatory support and assistance to eight South Pacific Island States delivered as agreed with the Ministry of Foreign Affairs and Trade.</p>	<p>100%</p>	<p>100%</p>	<p>100%</p>

13 This performance measure is included in the 2023/24 Estimates for Vote Transport, in addition to its inclusion in the Authority 2023/24 Statement of Performance Expectations. We consider this measure met if we align with new SARPs or, where there are differences between practice in New Zealand and that established by international standard, that these have been reported to the ICAO.

14 This performance measure is included in the 2023/24 Estimates for Vote Transport, in addition to its inclusion in the Authority 2023/24 Statement of Performance Expectations. A survey is sent to the Minister to assess the quality of Ministerial Servicing.

15 We have not started doing these biannually as yet. We used to only do them annually, but have not done so while the new Minister was getting settled in office. We will restart doing the surveys in the last quarter of 2024 and then make them biannual.

16 This performance measure is included in the 2023/24 Estimates for Vote Transport, in addition to its inclusion in the Authority 2023/24 Statement of Performance Expectations.

Cost to deliver Output Class 1: Policy and regulatory strategy	2024 Actual \$000	2024 Budget \$000	2024 Variance \$000	2023 Actual \$000
Crown funding (Vote Transport: Policy advice)	1,779	1,778	1	1,779
Crown - Covid liquidity	1,244	1,115	129	645
Ministry of Transport and Ministry of Foreign Affairs and Trade contract revenue (Rules Development and Pacific Security Fund)	1,793	1,650	143	1,554
Levies	2,897	3,132	(235)	2,170
Revenue	7,713	7,675	38	6,148
Expense	(7,976)	(7,823)	(153)	(6,271)
Net Surplus / (Deficit)	(263)	(148)	(115)	(123)



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 in 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 class

- Stakeholder communications (various channels - face-to-face visits, publications, online, etc.)
- aviation industry / regulatory partner facilitation, engagement and collaboration
- research and analysis
- risk-based safety and security campaign development and delivery.

Our performance under this output class

Performance under this output class is set out under our strategic pathways of leadership and influence (in how we engage, influence, and provide information to stakeholders), and professional regulatory practice (in how we act to ensure safety and security knowledge is disseminated and understood), on pages 32 to 41 of this report. Performance measures have been developed for key aspects of the output class. Performance against these measures is set out immediately below.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
<p>2.1.1 Building safety awareness</p> <p>We build safety awareness through:</p> <ul style="list-style-type: none"> our face-to-face, phone, online or other remote contact with participants by the Aviation Safety Advisors education courses, workshops or seminars to participants nation-wide safety reports published on the Authority's website targeted safety campaigns in response to specific areas of concern or new issues that arise. 	1,500	500 Individual participants	800
	9	12 delivered	17
	3	4 published	0 ¹⁷
	3	5 campaigns	2
<p>2.1.2 Education courses, workshops and seminars</p> <p>Our education courses, workshops, or seminars are rated by participants as a 3 or higher.</p>	100%	85%	100%
<p>2.1.3 Aviation safety campaigns</p> <p>Our targeted safety campaigns meet or exceed their agreed success criteria.</p>	100%	85%	0 ¹⁸
<p>2.1.4 Stakeholder engagement strategy</p> <p>We'll implement the Authority's new stakeholder framework and approach.</p>	Not achieved	100%	Not achieved ¹⁹

17 The type of safety reporting (third bullet point) has changed. This change will be reflected in next year's reporting.

18 No new campaigns were run in the period because campaigns are only run based on identified safety need. However, safety awareness and education campaigns are in development for the Part 149 (sport and recreation) sector and involve work with five organisations and the Work Together Stay Apart (WTSa) campaign is a major cross-year programme that combines both safety education and direct frontline engagement with aviation participants. This includes a three-month road show around airports, aerodromes, flying clubs and flying schools.

19 A new stakeholder engagement calendar is now being used across the Authority Leadership Team and helps inform the consistent delivery of key Authority programmes and updates on important changes either underway or ahead. The objective is to keep stakeholders informed and engaged with the Authority on matters that affect the civil aviation sector. The Authority continues to engage with the sector via the Emerging Aviation Technology Forum, the Aviation Community Advisory Group, the Security Stewardship Group, the Aviation Industry meeting series (mainly security focused) and the Part 149 (Sport and Recreation) Forum.

Cost to deliver Output Class 2: Outreach	2024 Actual \$000	2024 Budget \$000	2024 Variance \$000	2023 Actual \$000
Crown - Covid liquidity	579	617	(38)	12
Levies	1,664	1,623	41	40
Other revenue	14	7	7	7
Revenue	2,257	2,247	10	59
Expense	(2,334)	(2,290)	(44)	(60)
Net (Deficit) / Surplus	(77)	(43)	(34)	(1)



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.

What we do to deliver on this output class

- 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.

Our performance under this output class

Performance under this output class is set out under our strategic pathways of 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), on pages 36 to 59 of this report. Performance measures have been developed for key aspects of the output class. Performance against these measures is set out immediately below.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
3.1.1 Certification and licensing All certificates or licenses that we issue (for personnel, organisations, aircraft, and service providers) meet our quality and timeliness standards. ^{20 21}	Achieved	Achieved	Not achieved
3.1.2 Continuous improvement Our internal assessment of regulatory oversight demonstrates commitment to continuous improvement in how we administer regulatory activity: <ul style="list-style-type: none"> All improvements identified through Plan-Do-Check-Act reviews (PDCA)²² are subject to appropriate action. 	100%	100% of improvements identified are subject to appropriate action.	Achieved

20 During 2022/23 the Authority was developing its methodology for conducting quality assessments on this measure, and the auditor noted issues with the design and implementation of the assessments. Due to these issues, the auditor was unable to obtain sufficient appropriate evidence to conclude whether the reported performance was materially correct. As a result, the auditor's work was limited and there were no practicable audit procedures it could apply in 2022/23 to obtain assurance over the reported result for the performance measure. The methodology for conducting these assessments was improved in 2023/24 and the auditor was able to obtain evidence to verify the 2023/24 actual performance.

21 The Authority has developed major categories for certification and licensing activities, defined achievement standards for the categories, and measured performance by assessing samples of transactions within each category. The results for each category are in the table below:

	Full year 2023/24		
	Total tested	Achieved	Result
Quality - certification Target - 100%	535	497	92.9%
Quality - licensing Target 100%	119	119	100%
Quality - total	654	616	94.2%
Timeliness - certification renewal Target - 95%	113	110	97.3%
Timeliness - licensing Target - 90%	2498	2495	99.9%
Timeliness - total	2611	2605	99.8%
Total certification and licensing	3265	3221	98.7%

The quality attributes are:

- Appropriate judgement: to ensure the activity is completed according to the requirements set out in the Act, the rules and the relevant policies.
- Decision/reason appropriately recorded: to ensure the decision is clear and concise and formally captured within the supporting documentation.
- Evidence of communication: to ensure the process has been completed to contact and/or consult all relevant parties during the activity.

The timelines standards are:

The timeframes set out in Civil Aviation Rules in relation to the certification or licensing activity.

22 Plan-Do-Check-Act process reviews are internal assessments of the execution of regulatory activities, including procedures, alignment to the principles of good regulation, risk management and behaviours.

Cost to deliver Output Class 3: Certification and licensing	2024 Actual \$000	2024 Budget \$000	2024 Variance \$000	2023 Actual \$000
Crown funding (Vote Transport: New Technologies and ADS-B)	1,451	1,601	(150)	4,574
Crown - Covid liquidity	16,092	16,745	(653)	5,580
Levies	16,633	15,904	729	18,767
Fees and charges	5,380	5,239	141	5,189
Other revenue	253	128	125	121
Revenue	39,809	39,617	192	34,231
Expense	(41,167)	(40,379)	(788)	(34,918)
Net (Deficit) / Surplus	(1,358)	(762)	(596)	(687)



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 are 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 if they are 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 class

- 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, HSWA 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.

Our performance under this output class

Performance under this output class is set out under our professional regulatory practice strategic pathway. Through our activities in monitoring and inspecting to ensure continuously safe operations within the aviation system, and investigating of accidents and incidents we learn how we can reduce risk within the system. Performance measures have been developed for key aspects of the output class. Performance against these measures is set out immediately below.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
<p>4.1.1 HSWA in aviation</p> <p>We'll complete health and safety assessments, investigations and audits within:²³</p> <ul style="list-style-type: none"> • 180 days • 12 months 	33%	70%	Data not available
	80%	100%	Data not available
<p>4.1.2 Aviation safety monitoring, inspection and investigation</p> <p>We'll monitor adherence to the Civil Aviation Act 1990 through the conduct of:</p> <ul style="list-style-type: none"> • Oversight activities, e.g. Audits, inspections, spot checks and system testing or performance review²⁴ • Safety and security regulatory Investigations.²⁶ • Enforcement Investigations • Aviation Related Concerns (ARC) Investigations • Section 15A of the Civil Aviation Act 1990 Investigations (Power of Director to investigate holder of aviation document). 	191	400-500	244 ²⁵
	359	300-390	349
	25	20-40	39
	476	500-600	559
	0	2-3	3
<p>4.1.3 Assessment of regulatory investigations</p> <p>Regulatory investigations independently assessed by a third party²⁷ to ensure they're completed within 12 months and the recommendations made comply with our regulatory model.</p>	Achieved	100% of those assessed comply	Not achieved ²⁸

23 This performance measure is included in the 2023/24 Estimates for Vote Transport, in addition to its inclusion in the Authority's 2023/24 Statement of Performance Expectations.

24 System performance reviews analyse sector, geographic, and individual participant level adherence.

25 The CAA's regulatory safety and security strategy directs efforts and resource by priority, towards large passenger carrying airlines in the first instance. These activities are larger in scale than comparative activities for smaller participants and has the effect of lowering the count. An intelligence-led, risk-based approach is being applied to monitoring activity to ensure activity is focused on areas most at need.

26 The aim of safety and security regulatory investigations is to review aviation occurrences where safety benefit can be derived.

27 List of investigations opened during the financial year is provided to the third party. This list excludes any investigations that still have enforcement actions. A sample of 5% is selected and compliance is measured against the Regulatory Strategy and Regulatory Enforcement Policy. The sampling is carried out in July.

28 The measure is reported as not achieved because an independent assessment was not conducted. This was due to the unavailability of an independent third party.

An internal review was conducted using criteria from the Authority's regulatory strategy and enforcement policy. Of the sample reviewed, one record was found not to have complied with the regulatory model due to inadequate documentation of the decision-making process.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
<p>4.1.4 Aviation related concern investigations</p> <p>We'll complete investigations of Aviation Related Concerns within:</p> <ul style="list-style-type: none"> • 180 days of receipt • 12 months of receipt 	<p>94.7%</p> <p>100%</p>	<p>80%</p> <p>100%</p>	<p>91.9%</p> <p>99.5%</p>
<p>4.1.5 Develop and publish aviation related health and safety good practice guides and guidance material</p> <p>We include aviation-specific Health and Safety guidance in safety and security guidance publications produced by the Authority.</p>	New measure	8-12	0 ²⁹
<p>4.1.6 Emerging technologies</p> <p>Support delivered to the Airspace Integration Trials programme as agreed with the Ministry of Business, Innovation and Employment.</p>	100%	100% of agreed support as included in the terms of reference with the Ministry of Business, Innovation and Employment.	Achieved
<p>4.1.7 Emerging technologies</p> <p>Percentage of emerging technologies participants surveyed reporting that the ETU gateway process has met or exceeded their expectations.</p>	New measure	Baseline to be established in 2023/24	Achieved ³⁰
<p>4.1.8 Continuous improvement</p> <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"> • All improvements identified through PDCAs are subject to appropriate action. 	100%	100% of improvements identified are subject to appropriate action.	99.5%

29 Aviation-specific health and safety issues are considered for inclusion in guidance publications. There were no issues identified during this year where inclusion was considered necessary.

30 A survey was conducted in June 2024 of ten operators that the ETU had engaged with as part of the gateway process. There were no negative returns. Most respondents:

- considered that they had gained improved communication with CAA from assignment of a Project Advisor;
- considered that a Project Advisor improved engagement with the CAA
- assessed that a Project Advisor added value to their engagement with the CAA.

Cost to deliver Output Class 4: Monitoring, inspection and investigation	2024 Actual \$000	2024 Budget \$000	2024 Variance \$000	2023 Actual \$000
Crown funding (Vote Transport: Health and safety at work and improving safety in the aviation sector)	4,001	4,001	-	1,201
Crown - Covid liquidity	792	1,030	(238)	2,372
Levies	10,411	10,147	264	7,976
Fees and charges	29	28	1	28
Other revenue	97	50	48	47
Revenue	15,330	15,256	74	11,624
Expense	(15,853)	(15,550)	(303)	(11,857)
Net (Deficit) / Surplus	(523)	(294)	(229)	(233)

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 are 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 class

- 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.

Our performance under this output class

Performance under this output class is set out under our professional regulatory practice strategic pathway (through our activities in delivering security screening activities at security designated airports, conducting perimeter patrols and access control checks at security-designated airports, operating the airport identity card system, and supporting other government agencies with security services as requested, including a maritime security response), on pages 42 to 59 of this report. Performance measures have been developed for key aspects of the output class. Performance against these measures is set out immediately below.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
5.1.1 AvSec equipment and practices Acceptance by international regulators of AvSec equipment and practices as used within the New Zealand aviation security system.	Not achieved	100%	Not achieved ³¹
5.1.2 Deployment of technology Technologies deployed meet accepted international standards, as directed and agreed by the Director of Civil Aviation.	100%	100%	100% ³²
5.1.3 Investigating, trialling and staying informed about new technology Meet obligations to investigate, trial, and stay informed on new technologies and practices.	100%	100% of initiatives aligned to strategy	100%
5.1.4 Screening capacity management Match of forecast screening capacity to actual passenger demand. ³³	Under capacity 4.01% Over capacity 10.73%	Less than 10% under capacity and less than 10% over capacity	3.57% under capacity 22.29% over capacity
5.1.5 Management of service expectation Number of complaints upheld against the Aviation Security Service per 50,000 screened.	0.41 complaints upheld per 50,000 passengers	<2 per 50,000 passengers	0.59 complaints upheld per 50,000 passengers
5.2.1 Responding to major audit findings Major audit findings reported by the Civil Aviation Authority and internal Aviation Security Service quality audits responded to within required timeframes.	100%	100%	67% (4 of 6) ³⁴

31 In 2022/23 (after 2023/24 measures were finalised), the Authority received the International ICAO preliminary aviation security audit results which identified concerns with non-passenger screening (NPS). Corrective action has occurred which has seen NPS meet the minimum state requirement. A sustainability and capability plan has been developed with an accompanying business case being finalised to focus on equipment needed to improve and future proof NPS capability within current staffing levels.

32 New technologies or equipment are being considered to address NPS requirements: and computed tomography (CT) scanning for cabin baggage is now being rolled out nationwide to keep pace with directed requirements to ensure New Zealand meets evolving international standards.

33 Queues continue to occur largely for short periods at busy peak times. To offset this and aid passenger facilitation, AvSec continues to work closely with other airport stakeholders to smooth passenger presentation at screening points where possible. Planned boosts to capacity to deal with high passenger numbers led to over-capacity in some cases. After planned boosts to capacity during the 2023 Christmas holiday period using additional seasonal staff, increased monitoring has informed regular adjustments to balance capacity against actual demand, concentrating on times where queues are longest.

34 This represents two major internal audit findings which were not responded to within required timeframes.

- One finding failed to meet the deadline for completion of causal investigation.
- One finding completed investigation and development of the corrective action plan, however final delivery of that plan remained ongoing after the agreed target date with no formal extension having been obtained.

Both have subsequently been fully completed, with follow-up and verification work completed and the findings closed.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
5.2.2 Security monitoring of restricted air-side areas Security monitoring of restricted areas against regulated standards.	98%	100% of requirements met	92% ³⁵
5.2.3 Government requests for security assistance responded to	100%	100% of requirements met	No requests in 2023/24
5.2.4 Responding to Maritime NZ requests for service assistance Capacity to respond to requests from Maritime NZ for security assistance.	114	50 qualified staff	116

Cost to deliver Output Class 5: Security service delivery	2024 Actual \$000	2024 Budget \$000	2024 Variance \$000	2023 Actual \$000
Contracted services	-	-	-	2,327
Passenger security levies	131,247	125,352	5,895	110,524
Crown funding - Maritime Port Security	145	145	-	145
Crown - Covid Liquidity	53,289	54,653	(1,364)	47,726
Other revenue	3,520	2,349	1,171	(64)
Revenue	188,201	182,499	5,702	160,658
Expense	(190,229)	(188,821)	(1,408)	(167,960)
Net (Deficit) / Surplus	(2,028)	(6,322)	4,294	(7,302)

³⁵ New standards were issued by the Director of Civil Aviation on 19 October 2022 to increase monitoring activity in response to the ICAO audit. AvSec has met 100% of the increased standard for time coverage but did not meet the intervention rate target on 71 occasions during the July 2023 to March 2024 period due to resources being prioritised to queue facilitation, in addition, some temporary changes to staff screening facilities and locations in Auckland during quarter three were beyond AvSec's control. A programme is underway to implement a wider suite of equipment and implement new intelligence gathering solutions to monitor restricted airside areas more effectively, and better direct resources to screen airport workers.

Changes to output measures

This table lists the changes to output measures since last year's Annual Report and the reasons for those changes.

Performance Measure	2022/23 performance target	Changed output measure 2023/24	2023/24 performance target
2022/23 measure 3.1.2 Applications to the ADS-B transponders rebate scheme that meet eligibility criteria are administered within required standards.	100%	Deleted	Deleted
Reason for change: The rebate scheme finished on 30 June 2023			
2022/23 measure 4.1.5 In accordance with our delegated authority under the Health and Safety at Work Act 2015, we develop and publish aviation- specific good practice guides and guidance material and / or videos.	2-5	Deleted	Deleted
Reason for change: This activity no longer operates as originally designed. The wording has been changed to better describe the activity that is now conducted.			
2023/24 new measure 4.1.5 We include aviation-specific Health and Safety guidance in safety and security guidance publications produced by the Authority.	New measure	New measure, replaces 4.1.5	8-12
Reason for change: New measure, replaces deleted wording for 4.1.5			
2023/24 new measure 4.1.7 Percentage of emerging technology participants surveyed reporting that the Emerging Technology Unit gateway process has met or exceeded their expectations.	New measure	New measure	Baseline to be established in 2023/24
Reason for change: Measure designed for new activity			

CAA Cost to deliver output classes 1 - 4	2024 Actual \$000	2024 Budget \$000	2024 Variance \$000	2023 Actual \$000
Crown funding	25,938	26,887	(949)	16,163
Ministry of Transport contract revenue	1,793	1,650	143	1,554
Levies	31,605	30,806	799	28,953
Fees and charges	5,409	5,267	142	5,217
Other revenue	364	185	179	175
Revenue	65,109	64,795	314	52,062
Expense	(67,330)	(66,042)	(1,288)	(53,106)
Net (Deficit) / Surplus	(2,221)	(1,247)	(974)	(1,044)

Covid liquidity funding is below budget due to a greater than anticipated number of passengers arriving during the year which has reduced the liquidity funding requirement and increased the revenue from various passenger related levies.

Cost to deliver outputs Output Class Financials	2024 Actual \$000	2024 Budget \$000	2024 Variance \$000	2023 Actual \$000
Policy and regulatory strategy	(7,976)	(7,823)	(153)	(6,271)
Outreach	(2,334)	(2,290)	(44)	(60)
Certification and licensing	(41,167)	(40,379)	(788)	(34,918)
Surveillance and investigation	(15,853)	(15,550)	(303)	(11,857)
Regulatory Function delivery total	(67,330)	(66,042)	(1,288)	(53,106)
Security Service delivery	(190,229)	(188,821)	(1,408)	(167,960)
Security Service delivery total	(190,229)	(188,821)	(1,408)	(167,960)

Output Classes Financial Commentary

The Output Classes have been prepared on a gross basis, and do not include any inter-entity eliminations. The eliminations, which have been included in the Financial Statements, relate to security card purchases by the Regulatory function from the Security function totalling \$11,000 (2023: \$6,000).

Financial statements



Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2024

	Note	2024 Actual \$000	2024 Budget \$000	2023 Actual \$000
Revenue				
Levies		162,852	156,158	139,476
Revenue from other services		7,459	7,333	7,239
Crown funding revenue		79,371	81,685	64,034
Ministry contract revenue		1,793	1,650	1,554
Interest revenue		996	-	371
Other revenue		828	461	40
Total revenue	2	253,299	247,287	212,714
Expense				
Personnel costs	3	211,524	205,130	178,191
Depreciation and amortisation expense	10, 11	6,256	7,568	5,587
Impairment of intangibles	11	480	-	-
Finance costs	4	180	214	225
Other expenses	5	39,108	41,944	37,057
Total expenses		257,548	254,856	221,060
Net (Deficit) / Surplus		(4,249)	(7,569)	(8,346)
Total other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		(4,249)	(7,569)	(8,346)

Explanations of major variances against budget are provided in note 20.
The accompanying notes form part of these financial statements.

Statement of Financial Position

For the Year Ended 30 June 2024

	Note	2024 Actual \$000	2024 Budget \$000	2023 Actual \$000
Assets				
Current Assets				
Cash and cash equivalents	7	17,869	1,677	11,852
Receivables	8	15,368	16,942	17,137
Services work in progress	9	320	160	221
Prepayments		3,502	3,834	2,807
Total Current Assets		37,059	22,613	32,017
Non-Current Assets				
Property, plant and equipment	10	35,474	43,047	25,358
Intangible assets	11	13,884	14,332	9,073
Total Non-Current Assets		49,358	57,379	34,431
Total Assets		86,417	79,992	66,448
Liabilities				
Current Liabilities				
Creditors and other payables	12	18,162	12,043	18,230
Employee entitlements	13	24,904	21,832	21,247
Provisions	14	352	150	371
Total Current Liabilities		43,418	34,025	39,848
Non-Current Liabilities				
Employee entitlements	13	7,417	7,507	8,084
Provisions	14	375	375	375
Total Non - Current Liabilities		7,792	7,882	8,459
Total Liabilities		51,210	41,907	48,307
Net Assets		35,207	38,085	18,141
Equity				
General funds		35,207	38,085	18,141
Total Equity	16	35,207	38,085	18,141

Explanations of major variances against budget are provided in note 20.
The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2024

	Note	2024 Actual \$000	2024 Budget \$000	2023 Actual \$000
Equity				
Opening balance of equity at 1 July				
General funds		18,141	22,809	7,622
Total opening balance of equity at 1 July	16	18,141	22,809	7,622
Comprehensive revenue and expense				
Total comprehensive revenue and expense for the year		(4,249)	(7,569)	(8,346)
Owner Transactions				
Capital contributions from the Crown		21,315	22,845	18,865
Total changes in equity during the year	16	17,066	15,276	10,519
Closing balance of equity at 30 June				
General funds		35,207	38,085	18,141
Total closing balance of equity at 30 June	16	35,207	38,085	18,141

Explanations of major variances against budget are provided in note 20.
The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2024

Reconciliation of Net Surplus / (Deficit) to Net Cash from Operating Activities

	Note	2024 Actual \$000	2024 Budget \$000	2023 Actual \$000
Cash Flows from Operating Activities				
Receipts from levies		163,231	154,425	137,122
Receipts from other services		8,652	7,585	6,229
Receipts from Crown funding and Ministry contracts		81,164	83,335	65,588
Interest and other sundry revenue received		1,755	461	504
Payments to employees		(201,091)	(191,645)	(166,527)
Payments to suppliers		(50,930)	(49,506)	(33,461)
Goods and Services Tax (net)		3,906	959	(239)
Net Cash Flows from Operating Activities		6,687	5,614	9,216
Cash Flows from Investing Activities				
Sale of property, plant and equipment		(325)	-	-
Purchase of property, plant and equipment		(14,935)	(20,888)	(12,022)
Purchase of intangible assets		(6,725)	(6,981)	(5,300)
Net Cash Flows from Investing Activities		(21,985)	(27,869)	(17,322)
Cash Flows from Financing Activities				
Capital contributions from the Crown		21,315	22,845	18,865
Net Cash Flows from Financing Activities		21,315	22,845	18,865
Net increase/(decrease) in cash and cash equivalents		6,017	590	10,759
Opening cash and cash equivalents at 1 July		11,852	1,087	1,093
Closing Cash and Cash Equivalents at 30 June	7	17,869	1,677	11,852

Explanations of major variances against budget are provided in note 20.
The accompanying notes form part of these financial statements.

Statement of Cash Flows (continued)

For the Year Ended 30 June 2024

Reconciliation of Net Surplus / (Deficit) to Net Cash from Operating Activities

	2024 Actual \$000	2023 Actual \$000
(Deficit) / surplus	(4,249)	(8,346)
Add/(less) non-cash items:		
Depreciation and amortisation expense	6,256	5,587
Impairment of receivables	43	-
Net (gains)/losses on foreign exchange and derivative financial instruments	-	1
Discount unwind on employee entitlements	180	225
Impairment loss - Intangibles	480	-
Total non-cash items	6,959	5,813
Add/(less) items classified as investing or financing activities:		
(Gains) / losses on disposal of property, plant & equipment and intangibles	325	93
Total items classified as investing or financing activities	325	93
Add/(less) movements in working capital items:		
Receivables (increase)/decrease	1,726	(3,257)
Services work in progress (increase)/decrease	(99)	(62)
Prepayments (increase)/decrease	(695)	(807)
Creditors & other payables increase/(decrease)	(68)	12,697
Employee entitlements increase/(decrease)	2,807	3,224
Provisions increase/(decrease)	(19)	(139)
Net movements in working capital items	3,652	11,656
Net cash flow from operating activities	6,687	9,216

The accompanying notes form part of these financial statements.

Notes to the financial statements

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1 Statement of Accounting Policies

Reporting Entity

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

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

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

These financial statements of the Authority are for the year ended 30 June 2024. The financial statements were approved by the Authority on 31 October 2024.

Section 72B (3B) of the Civil Aviation Act 1990 states that the Authority shall perform its functions in respect of the Aviation Security Service separately from its other functions and shall maintain accounts, records, and reports accordingly.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice. The Authority is a Tier 1 entity and the financial statements have been prepared in accordance with PBE Standards.

These financial statements comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Disclosure of Fees for Audit Firms' Services

An amendment to PBE International Public Sector Accounting Standard 1 Presentation of Financial Reports (PBE IPSAS 1) requires entities to disclose the fees incurred for services received from audit or review firms, and a description of each service, using the specified categories. The amendment is effective for the year ending 30 June 2025 with early adoption permitted. This amendment will result in additional disclosures.

Summary of Significant Accounting Policies

Significant accounting policies which materially affect the measurement of financial performance and financial position are included in the notes to which they relate. Those policies that do not relate to a specific note are outlined below:

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into New Zealand dollars (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and service tax (GST)

All items in the financial statements are presented exclusive of GST, except for 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.

The net GST receivable or payable at balance date is included in receivables or payables in the Statement of Financial Position as appropriate.

Commitments and contingencies are disclosed exclusive of GST.

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

Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

Cost allocation

The Authority has determined the cost of outputs using the cost allocation system outlined below.

Criteria for direct and indirect costs

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

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

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

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

Criteria for apportioning support services costs

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

Critical accounting estimates and assumptions

In preparing these financial statements, the Authority has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Useful lives and residual values of property, plant, and equipment – refer to Note 10
- Useful lives of software assets – refer to Note 11
- Retirement and long service leave – refer to Note 13

These significant estimates and assumptions are included in the relevant note.

Critical judgements in applying accounting policies

No critical judgements have been applied in the preparation of these financial statements.

2 Revenue

Accounting policy

The specific accounting policies for significant revenue items are explained below:

Revenue from Levies and Services

Levies

The Authority earns revenue from regulated levies on airlines based on outgoing international passenger volumes and domestic sectors travelled by passengers.

Fees and charges

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

Revenue from Levies and Services	Actual 2024 \$000	Actual 2023 \$000
Safety levies		
International passenger levies	9,707	7,500
Domestic passenger levies	20,043	19,579
Other levies	1,855	1,874
Total safety levies revenue	31,605	28,953
Security levies		
International passenger levies	84,533	65,392
Domestic passenger levies	46,714	45,131
Total security levies	131,247	110,523
Total levies	162,852	139,476
Revenue from other services		
Aviation regulatory and safety services	5,409	5,216
Other contracted aviation security services	2,050	2,023
Total revenue from other services	7,459	7,239

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.

The various revenue sources have been reviewed to determine whether they are exchange or non-exchange transactions. Exchange transactions are transactions in which one entity receives assets or services and directly gives approximately equal value to another entity in exchange. Revenue

from levies does not meet this definition because there is no direct connection between the levy payer and the Authority. However the Authority has decided that there is no material or practical difference between individual levy payers and payers as a group, and that there are no timing differences in the exchange transaction. The Authority has therefore treated revenue from levies and other services as exchange transactions.

Crown Funding and Ministry Contract Revenue

Revenue provided by the Crown and revenue earned under Ministry contracts is recognised in the surplus or deficit in the period in which the Authority provides the funded programmes.

Crown funding and Ministry contract revenue have been reviewed to determine whether they are exchange or non-exchange transactions. Exchange transactions are transactions in which one entity receives assets or services and directly gives approximately equal value to another entity in exchange. Funding from the Crown is generally considered to be a non-exchange transaction, however the Authority has provided detailed information in the Statements of Performance to describe the use of these funds and considers that an exchange of approximate value has occurred, and has therefore treated these funding sources as exchange transactions.

Crown funding revenue

The Authority has been provided with funding from the Crown through Multi-Category Expense and Multi-Year Expense Appropriations and specifically from the Ministry of Transport for the following specific purposes of the Authority as set out in the Civil Aviation Act 1990. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2023: nil).

International relations and International Civil Aviation Organization obligations

The Authority has been provided funding from the Crown to provide technical information and advice in relation to international matters affecting New Zealand aviation, to ensure the Minister's obligations in relation to international civil aviation agreements are met, and to promote the development of New Zealand aviation in the international context.

Ministerial servicing

The Authority has been provided funding from the Crown to provide services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities.

Policy advice

The Authority has been provided funding from the Crown to enable it to provide advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to civil aviation.

Improving safety in the aviation sector

The Authority has been provided funding from the Crown which is limited to the investigation, determining compliance, and enforcement of safety in the aviation sector. This is for the purpose of implementing the requirements of the Hazardous Substances and New Organisms Amendment Act 2015 and undertaking activity associated with innovative aviation certification.

Health and safety at work activities - Civil Aviation

The Authority has been provided funding from the Crown for the purpose of implementing the requirements of the Health and Safety at Work Act 2015 ('HSW') within the context of the aviation industry.

The Authority has used the Crown funding provided to:

- conduct HSW investigations, audits and inspections
- provide advice and education on HSW in the aviation sector; and
- fund other activities connected with HSW practice in the aviation industry.

Automatic Dependent Surveillance - Broadcast (ADS-B) Transponders rebate scheme

The Authority has been provided funding from the Crown to establish an ADS-B rebate scheme for the purpose of incentivising the uptake of ADS-B transponders for the owners of aircraft that operate in controlled airspace in New Zealand below flight level 24,500 feet.

Protection of transport sector agency core functions

The Authority has been provided with a Multi-Year Appropriation from the Crown for the purchase of core services from the Authority that are no longer able to be cost-recovered from third parties as a result of COVID-19. \$71,995,000 of this appropriation was drawn down in 2024 (2023: \$59,094,000).

Maritime port security

The Authority receives funding directly from the Crown, through the Ministry of Transport, that is restricted in use for the purposes of meeting the Authority's maritime security obligations.

Ministry contract revenue

The Authority provides rules development services under contract to the Ministry of Transport and receives funding directly from the Ministry of Foreign Affairs and Trade's Pacific Security Fund (PSF) as a reimbursement of training and consultancy services provided to agencies and airlines of the South Pacific region.

Ministry contract revenue	Actual 2024 \$000	Actual 2023 \$000
Rules development (Ministry of Transport)	800	800
Pacific Security Fund (Ministry of Foreign Affairs and Trade)	993	754
Total Ministry contract revenue	1,793	1,554

Interest Revenue

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Other Revenue	Actual 2024 \$000	Actual 2023 \$000
Gain/(loss) on sale of property, plant and equipment	69	(93)
Other revenue	759	133
Total other revenue	828	40

Asset disposals

During the year the Authority disposed of property, plant and equipment that formed part of the capital replacement programme as determined by the useful life of the asset. The total gain on sale of assets was \$69,000 (2023: loss of \$93,000). Other revenue mainly relates to an insurance payment for a successful claim for equipment damaged during the January 2023 floods in Auckland.

3 Personnel Costs

Accounting policy

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Defined contribution schemes

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 surplus or deficit.

Personnel Costs	Actual 2024 \$000	Actual 2023 \$000
Salaries and wages	194,324	160,797
Employer contributions to defined contribution plans	6,661	5,501
Other personnel expenses	7,550	8,444
Increase/(decrease) in employee entitlements	2,989	3,449
Total personnel costs	211,524	178,191

During the year ended 30 June 2024, 4 (2023: nil) employees received compensation and other benefits in relation to cessation valued at \$147,831 (2023: nil).

Board Member Remuneration paid or payable to each Board member during the year	Actual 2024 \$000	Actual 2023 \$000
H Duynhoven (appointed May 2019, resigned August 2024)	25	24
J Fredric (Chair - appointed December 2019, resigned July 2024)	57	49
S Haszard (appointed March 2021, resigned October 2023)	8	29
J Hatchwell (appointed July 2019)	33	24
C Spillane (appointed December 2019)	28	24
A Hong (appointed August 2022, resigned August 2024)	26	22
Mark Darrow (Chair - appointed August 2024)	-	-
Darin Cusack (Deputy Chair - appointed August 2024)	-	-
Louise Pengelly (appointed August 2024)	-	-
Terry Murdoch (appointed August 2024)	-	-
Simon Craddock (appointed August 2024)	-	-
Total Board Member remuneration	177	172

There have been no payments made to committee members appointed by the Board who were not Board members during the financial year.

The Authority has effected Directors and Officers Liability and Professional Indemnity insurance cover for the financial year, in respect of any liability or costs it may incur arising from the activities of Board members and employees.

No Board Members received compensation or other benefits in relation to cessation (2023: nil).

4 Finance Costs

Finance Costs	Actual 2024 \$000	Actual 2023 \$000
Discount unwind on long-term employee entitlements	180	225
Total finance costs	180	225

5 Other Expenses

Accounting policy

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 as an expense on a straight-line basis over the lease term.

Other Expenses	Actual 2024 \$000	Actual 2023 \$000
Fees to auditor:		
Fees to Audit New Zealand for audit of financial statements	170	160
Operating lease expenses	9,920	6,304
Building operating expenses	2,094	1,987
Information technology expenses	7,653	4,494
Staff travel	4,704	4,668
Insurance	1,484	1,242
Allowance for credit losses on receivables	43	(5)
Safety information services	3,598	3,391
Consultancy	2,598	3,501
Consumables and maintenance	4,121	6,322
Loss on disposal of property, plant and equipment & intangibles	394	-
Other expenses	2,329	4,993
Total other expenses	39,108	37,057

Staff travel expense includes all travel related to the Authority's normal business functions. Travel that is incidental to staff training is included within Other personnel expenses in Note 3.

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2024 \$000	Actual 2023 \$000
Not later than one year	7,463	7,831
Later than one year and not later than five years	7,183	12,445
Later than five years	552	915
Total non-cancellable operating leases	15,198	21,191

The Authority leases office premises in Wellington and Auckland. It also leases office premises and car parks, staff facilities and operational space for security screening points at three metropolitan and three regional airports, and training facilities in the Auckland area.

There are no restrictions placed on the Authority by any of its operating leasing arrangements.

6 Audit Firms' Services

Fees incurred for services provided by the Authority's auditor	Actual 2024 \$000	Actual 2023 \$000
Audit and review of the Authority's financials and annual report.	170	160
Total fees incurred for services provided by the Authority's auditor	170	160

There were no additional assurance services provided by the Authority's auditor.

7 Cash and Cash Equivalents

Accounting policy

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

Cash and Cash Equivalents	Actual 2024 \$000	Actual 2023 \$000
Cash at bank and on hand	17,869	11,852
Total cash and cash equivalents	17,869	11,852

While cash and cash equivalents at 30 June 2024 are subject to the expected credit loss requirements of PBE IFRS 13, no loss allowance has been recognised because the estimated loss allowance for credit losses is not material.

The weighted average effective interest rate for cash and cash equivalents held is 0.44% (2023: 0.12%).

8 Receivables

Accounting policy

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.

Receivables	Actual 2024 \$000	Actual 2023 \$000
Receivables arising from exchange transactions	15,408	17,147
Other receivables	7	3
Less: Allowance for credit losses	(47)	(13)
Total receivables	15,368	17,137

The expected credit loss rates for receivables at 30 June 2024 and 30 June 2023 are based on the payment profile of revenue on credit over the prior 2 years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance.

The allowance for credit losses at 30 June 2024 and 30 June 2023 were determined as follows:

	2024			2023		
	Gross carrying amount	Expected credit loss rate	Lifetime expected credit loss	Gross carrying amount	Expected credit loss rate	Lifetime expected credit loss
	\$000	%	\$000	\$000	%	\$000
Not past due	14,737	-	-	16,753	-	-
Past due 1-30 days	296	0%	-	352	0%	-
Past due 31-60 days	185	0%	-	22	0%	-
Past due 61-90 days	36	7%	(2)	5	9%	-
Past due over 90 days	161	28%	(45)	18	72%	(13)
Total	15,415		(47)	17,150		(13)

The movement in the allowance for credit losses is as follows:

	Actual 2024 \$000	Actual 2023 \$000
Opening allowance for credit losses as at 1 July	(13)	(32)
(Increase)/decrease in loss allowance made during the year	(47)	5
Receivables written off during the year	13	14
Balance at 30 June	(47)	(13)

9 Services Work in Progress

Accounting policy

Services work in progress is measured at the lower of the costs incurred to date for work being undertaken and the 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 surplus or deficit when the write-down occurs.

Services Work in Progress	Actual 2024 \$000	Actual 2023 \$000
Services Work in Progress	320	221
Total services work in progress	320	221

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

10 Property, Plant and Equipment

Accounting policy

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 threshold for this cost to be capitalised as an asset is \$2,500.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the surplus or deficit.

Subsequent costs

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

Depreciation

Depreciation is provided 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%

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

Impairment of property, plant and equipment

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

Property, plant and equipment are reviewed for impairment 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 the present value of an asset's remaining service potential. It 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. The total impairment loss and any subsequent reversals of impairment are recognised in the surplus or deficit.

Critical accounting estimates and assumptions

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the Authority, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. The Authority minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- analysis of previous asset sales.

The Authority has not made significant changes to past assumptions concerning useful lives and residual values.

Movements for each class of property, plant and equipment are as follows:

	Assets under construction	Leasehold improvements	Furniture & fittings	Plant & equipment	Office equipment	Motor vehicles	Computer equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation								
Balance at 1 July 2022	3,360	9,268	875	39,507	568	3,570	2,418	59,566
Additions	12,258	-	-	-	-	-	-	12,258
Transfers from WIP	(5,300)	-	30	5,139	-	89	42	-
Disposals	(2)	-	-	(3,478)	-	(576)	-	(4,056)
Balance at 30 June 2023	10,316	9,268	905	41,168	568	3,083	2,460	67,768
Balance at 1 July 2023	10,316	9,268	905	41,168	568	3,083	2,460	67,768
Additions	15,025	82	-	1	3	150	115	15,376
Transfers from WIP	(18,371)	4,882	178	13,283	-	-	28	(0)
Disposals	-	(4,897)	(188)	(4,183)	(206)	(188)	(1,533)	(11,195)
Balance at 30 June 2024	6,970	9,335	895	50,268	365	3,045	1,070	71,948
Accumulated depreciation and impairment losses								
Balance at 1 July 2022	-	(7,584)	(731)	(28,376)	(556)	(2,052)	(1,936)	(41,236)
Depreciation expense	-	(424)	(27)	(3,966)	(5)	(282)	(196)	(4,900)
Eliminate on disposal	-	-	-	3,298	-	427	-	3,725
Balance at 30 June 2023	-	(8,008)	(758)	(29,044)	(561)	(1,907)	(2,132)	(42,411)
Balance at 1 July 2023	-	(8,008)	(758)	(29,044)	(561)	(1,907)	(2,132)	(42,411)
Depreciation expense	-	(416)	(32)	(4,331)	(3)	(246)	(200)	(5,228)
Eliminate on disposal	-	4,883	175	3,806	206	148	1,540	10,758
Accelerated Depreciation Adjustment	-	-	-	407	-	-	-	407
Balance at 30 June 2024	-	(3,541)	(615)	(29,162)	(358)	(2,005)	(792)	(36,474)
Carrying amounts								
At 1 July 2022	3,360	1,684	144	11,131	12	1,518	482	18,331
At 30 June 2023	10,316	1,260	147	12,124	7	1,176	328	25,358
At 30 June 2024	6,970	5,794	280	21,107	7	1,040	278	35,474

As at 30 June 2024 fully depreciated assets with an historic purchase price of \$24,982,166 were still recorded on the Authority's fixed asset register and still in use. Many of these assets relate to screening equipment and leasehold improvements which had originally been planned to be replaced earlier, but where replacement programs have been deferred due to either funding constraints or delays to implementation deadlines of new capabilities. These arose as a result of the financial impacts of the COVID-19 pandemic on both the Authority and airports. Since 30 June 2024, \$7,955,912 of these assets have formally been disposed due to replacement assets having been installed, rendering these assets obsolete.

Restrictions

There are no title restrictions for any of the Authority's property, plant and equipment, nor are any of these assets pledged as security for liabilities or contingent liabilities.

Work in progress

	Leasehold improvements	Furniture & fittings	Plant & equipment	Office equipment	Motor vehicles	Computer equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or valuation							
Balance at 1 July 2022	-	-	3,359	-	1	-	3,360
Assets capitalised	-	(30)	(5,139)	-	(89)	(42)	(5,300)
Additions	243	81	11,793	-	88	53	12,258
Disposals	-	-	(2)	-	-	-	(2)
Balance at 30 June 2023	243	51	10,011	-	-	11	10,316
Balance at 1 July 2023	243	51	10,011	-	-	11	10,316
Assets capitalised	(4,882)	(178)	(13,283)	-	-	(28)	(18,371)
Additions	4,664	129	10,215	-	-	28	15,036
Disposals	-	-	-	-	-	(11)	(11)
Balance at 30 June 2024	25	2	6,943	-	-	-	6,970

The total amount of property, plant and equipment in the course of construction is \$6,969,464 (2023: \$10,315,597).

Capital Commitments

The amount of contractual commitments for the acquisition of property, plant, and equipment at the reporting date is:

Capital Commitments	Actual 2024 \$000	Actual 2023 \$000
Plant and equipment	2,929	8,882
Total capital commitments	2,929	8,882

The Authority has entered into agreements for the acquisition of screening equipment located at the main airports.

11 Intangible Assets

Accounting policy

Software acquisition and development

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Other software-related costs are recognised as follows:

- Staff training costs are recognised as an expense when incurred;
- Costs associated with maintaining computer software are expensed when incurred;
- Costs associated with development and maintenance of the Authority's website 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 when the asset is derecognised. The amortisation charge for each financial year is expensed in the surplus or deficit.

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%
Internally developed computer software	3 - 5 years	33% - 20%

Impairment of intangible assets

Refer to the policy for impairment of property, plant, and equipment in Note 10. The same approach applies to the impairment of intangible assets.

Critical accounting estimates and assumptions

Estimating useful lives of software assets

In assessing the useful lives of software assets, a number of factors are considered, including:

- the period of time the software is intended to be in use;
- the effect of technological change on systems and platforms; and
- the expected time frame for the development of replacement systems and platforms.

An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised in the surplus or deficit, and the carrying amount of the software assets in the statement of financial position.

Movements for each class of intangible asset are as follows:

	Acquired software	Acquired software under construction	Internally developed software	Total
	\$000	\$000	\$000	\$000
Cost				
Balance at 1 July 2022	6,670	3,104	2,116	11,890
Additions	645	5,300	-	5,945
Transfers from WIP	-	(645)	-	(645)
Balance at 30 June 2023	7,315	7,759	2,116	17,190
Balance at 1 July 2023	7,315	7,759	2,116	17,190
Additions	-	6,724	-	6,724
Transfers from WIP	6,012	(6,012)	-	-
Disposals	(1,116)	-	(2,116)	(3,232)
Impairment losses	-	(480)	-	(480)
Balance at 30 June 2024	12,211	7,991	-	20,202
Accumulated amortisation and impairment losses				
Balance at 1 July 2022	(5,314)	-	(2,116)	(7,430)
Amortisation expense	(687)	-	-	(687)
Balance at 30 June 2023	(6,001)	-	(2,116)	(8,117)
Balance at 1 July 2023	(6,001)	-	(2,116)	(8,117)
Amortisation expense	(1,435)	-	-	(1,435)
Disposals	1,118	-	2,116	3,234
Balance at 30 June 2024	(6,318)	-	-	(6,318)
Carrying amounts				
At 1 July 2022	1,356	3,104	-	4,460
At 30 June 2023	1,314	7,759	-	9,073
At 30 June 2024	5,893	7,991	-	13,884

Restrictions

There are no title restrictions for any of the Authority's intangible assets, nor are any intangible assets pledged as security for liabilities or contingent liabilities.

An impairment loss of \$480,232 has been recognised as an expense in the Statement of Comprehensive Income. This impairment loss relates to capital work performed to configure software for external Medical Examiners to use to certify licence holders. It has since been determined that for the foreseeable future, this external access to the medical module of Kapua will not be deployed, with the module only being used internally by Authority staff.

This impairment is not currently expected to be recoverable, and a reversal of the loss is not currently expected to occur in any subsequent accounting period.

Work in progress

The total amount of intangibles in the course of construction is \$7,992,657 (2023: \$7,759,756).

12 Creditors and Other Payables

Accounting policy

Short-term payables are recorded at the amount payable.

	Actual 2024 \$000	Actual 2023 \$000
Creditors and payables under exchange transactions		
Creditors	9,284	12,392
Income in advance	9	1,607
Other payables	516	409
Total creditors and payables under exchange transactions	9,809	14,408
Creditors and payables under non-exchange transactions		
Taxes payable (GST, PAYE)	8,353	3,822
Total creditors and payables under non-exchange transactions	8,353	3,822
Total creditors and other payables	18,162	18,230

13 Employee Entitlements

Accounting policy

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. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, vested long service leave, retirement leave and sick leave. Non-vested long service leave and retirement entitlements expected to be settled within 12 months of balance date are also classified as a current liability.

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

Long-term employee entitlements

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

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

Presentation of employee entitlements

Sick leave is calculated on an actuarial basis. Annual leave, and vested long service leave are classified as a current liability. Non-vested retirement and long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements, including actuarial calculated sick leave not expected to be settled within 12 months, are classified as a non-current liability.

Critical accounting estimates and assumptions

Measuring retirement and long service leave obligations

The present value of the retirement, long service leave, and sick leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

In determining the appropriate discount rate, the Authority considered the interest rates on New Zealand Treasury Bills and Government Bonds which have terms to maturity that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. Term-specific risk-free

rates as at 30 June 2024 ranged from 4.25% pa to 5.36% pa (2023: ranged from 4.19% pa to 5.43% pa) and a salary inflation factor of 3.8% pa for the year ended 30 June 2024, with a long term salary inflation rate of 3.1% (2023: 6.0% pa and 4.0% pa respectively) were used.

Actuarial estimate sensitivity analysis

If the discount rate were to be 1% pa higher/lower than the Authority's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$546,000 lower/\$629,000 higher respectively (2023: \$625,000 lower/\$727,000 higher respectively).

If the salary inflation factor was 1% pa higher/lower than the Authority's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$532,000 higher/\$471,000 lower respectively (2023: \$622,000 higher/\$544,000 lower respectively).

	Actual 2024 \$000	Actual 2023 \$000
Current employee entitlements are represented by:		
Accrued salaries and wages	4,103	3,225
Annual leave	18,232	15,869
<i>Current portion of long-term employee entitlements</i>		
Sick leave	286	258
Retiring and long service leave	2,283	1,895
Total current portion	24,904	21,247
Non-current employee entitlements are represented by:		
<i>Long-term employee entitlements</i>		
Retiring and long service leave	7,003	7,674
Sick leave	414	410
Total non-current portion	7,417	8,084
Total employee entitlements	32,321	29,331

14 Provisions

Accounting policy

General

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

Provisions are measured at the present value of the expenditure 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. An increase in the provision due to the passage of time is recognised as a finance cost (refer Note 4).

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits or service potential

to be derived from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Restructuring

A provision for restructuring is recognised when an approved detailed formal plan for the restructuring has either been announced publicly to those affected, or for which implementation has already commenced.

Lease make-good

A provision for lease make-good costs is recognised when the Authority is required at the expiry of the lease term to make good any damage caused to the premises and to remove any fixtures or fittings installed by the Authority. The Authority has the option to renew these leases, which affects the timing of expected cash outflows to make good the premises.

Provisions	Actual 2024 \$000	Actual 2023 \$000
Current provisions are represented by:		
Restructuring	90	21
Legal and employment proceedings	262	350
Total current portion	352	371
Non-current provisions are represented by:		
Lease make-good	375	375
Total non-current portion	375	375
Total provisions	727	746

Movements for each class of provision are as follows:

	Onerous contracts	Lease make-good	Restructuring	Legal and employment proceedings	Total \$000
	\$000	\$000	\$000	\$000	\$000
2024					
Balance at 1 July 2023	-	375	21	350	746
Additional provisions made/ (reversed)	-	-	69	(88)	(19)
Balance at 30 June 2024	-	375	90	262	727
2023					
Balance at 1 July 2022	-	375	-	510	885
Additional provisions made/ (reversed)	-	-	21	(160)	(139)
Balance at 30 June 2023	-	375	21	350	746

Restructuring provision

The Authority has approved a new restructuring plan which was announced in April 2024. The provision represents the estimated cost for redundancy payments as at 30 June 2024.

Leasehold make-good provisions

The Authority has recognised a liability for the cost to make good the office space leased in Wellington upon the expiry of the lease term. Information about the Authority's leasing arrangements is disclosed in Note 5.

15 Contingencies

Contingent liabilities

Legal actions

The Authority has relied on advice from legal counsel in forming the view that there are no contingent liabilities existing in relation to any legal matters currently in progress except for the contingent liabilities related to the personal grievances disclosed below (2023: nil).

Personal grievance

At balance date, the Authority had three (2023: five) outstanding personal grievances relating to various employment matters with a maximum exposure of \$85,000 (2023: \$197,124). Contingent liabilities relating to employment matters are assessed by taking into account the merits of each

case, known risk factors, and previous payments made in similar matters.

Contingent assets

The Authority has no contingent assets (2023: \$nil).

16 Equity

Accounting policy

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

General funds

Passenger security reserve, and other fees and charges reserves

These reserves relate to the accumulated surpluses/deficits arising from the recovery of costs relating to passenger security activities.

Managed Isolation and Quarantine Reserve

This reserve relates to the accumulated surpluses/deficits arising from the recovery of costs relating to the provision of managed isolation and quarantine facilities provided for by Vote Transport appropriation.

Passenger safety reserves

These reserves relate to the accumulated surpluses/deficits arising from the different funding sources relating to safety and regulatory activities.

Equity	Actual 2024 \$000	Actual 2023 \$000
General funds		
Opening balance at 1 July	18,141	7,622
(Deficit)/surplus for the year	(4,249)	(8,346)
Capital contributions from the Crown	21,315	18,865
Closing balance at 30 June	35,207	18,141
Passenger security reserve		
Opening balances at 1 July	-	-
(Deficit)/surplus for the year	(2,028)	7,302
Transfer (to)/from general funds	2,028	(7,302)
Closing balance at 30 June	-	-
Passenger safety reserve - fixed fees		
Opening balances at 1 July	-	-
(Deficit)/surplus for the year	(5,435)	(3,928)
Transfer (to)/from general funds	-	-
Transfer (to)/from levies reserve	5,435	3,928
Closing balance at 30 June	-	-
Passenger safety reserve - hourly charges		
Opening balances at 1 July	-	-
(Deficit)/surplus for the year	(7,080)	(4,993)
Transfer (to)/from general funds	-	-
Transfer (to)/from levies reserve	7,080	4,993
Closing balance at 30 June	-	-
Passenger safety reserve - other		
Opening balances at 1 July	-	-
(Deficit)/surplus for the year	(2,599)	(60)
Transfer (to)/from general funds	-	-
Transfer (to)/from levies reserve	2,599	60
Closing balance at 30 June	-	-

Equity	Actual 2024 \$000	Actual 2023 \$000
Passenger safety reserve - levies		
Opening balances at 1 July	-	-
Surplus/(deficit) for the year	7,080	4,993
Transfer (to)/from specific reserves	(15,114)	(8,981)
Transfer (to)/from passenger safety reserve - other general reserves	8,034	3,988
Closing balance at 30 June	-	-
Passenger safety reserve - other general reserves		
Opening balances at 1 July	-	-
Surplus/(deficit) for the year	5,813	2,944
Transfer (to)/from specific reserves	(8,034)	(3,988)
Transfer (to)/from general funds	2,221	1,044
Closing balance at 30 June	-	-

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 repayment of security service surplus funds to the Crown may be requested by the Minister of Finance at his discretion.

Capital management

The Authority's capital is its equity, which comprises the Crown's capital contributions, accumulated surplus and other reserves. Equity is represented by net assets.

As a result of Covid-19, the Authority was required to fully utilise its cash and investments to meet operating costs before it could access additional Crown funding. The Authority's specific reserves were therefore exhausted as a consequence of this.

The Authority is subject to the financial management and accountability provisions of the Crown Entities Act 2004, the Public Finance Act 1989, and the Civil Aviation Act 1990, which impose restrictions in relation to borrowings, the acquisition of securities, the issue of guarantees and indemnities, and the use of derivatives.

The Authority has complied with the financial management requirements of the Crown Entities Act 2004 during the year. The Authority manages its equity by prudently managing revenues, expenses, assets, liabilities, and investments in accordance with its written policies and the requirements of the Acts to ensure that the Authority effectively achieves its objectives and purpose, whilst remaining a going concern.

17 Related Party Transactions and Key Management Personnel

The Authority is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Authority would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

There were no related party transactions that were conducted on a non-commercial terms basis.

Key management personnel compensation	Actual 2024 \$000	Actual 2023 \$000
Board Members	177	172
Authority Leadership Team and senior employees	4,905	4,322
Total key management personnel compensation	5,082	4,494

Key management personnel full-time equivalent	Actual 2024 \$000	Actual 2023 \$000
Board Members	1	1
Authority Leadership Team and senior employees	15	15
Total key management personnel full-time equivalent	16	16

Key management personnel include Board Members, the Director of Civil Aviation and the ten member Authority Leadership Team (refer to page 17) and also includes other senior employees with the ability to influence decisions.

During the year ended 30 June 2024, no (2023: nil) key management personnel received compensation and other benefits in relation to cessation (2023: nil).

The Authority normally has a six member board, appointed for terms of up to three years and it reports to the Minister of Transport.

The Authority does not provide remuneration or benefits to the Minister of Transport or the Associate Minister of Transport.

18 Financial Instruments

18A Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Actual 2024 \$000	Actual 2023 \$000
Financial assets measured at amortised cost		
Cash and cash equivalents	17,869	11,852
Receivables	15,368	17,137
Total financial assets measured at amortised cost	33,237	28,989
Financial liabilities measured at amortised cost		
Creditors and other payables	9,800	12,801
Total financial liabilities measured at amortised cost	9,800	12,801

18B Fair value hierarchy

Derivative financial instrument assets and liabilities recognised at fair value in the Statement of Financial Position have been determined according to level 2 valuation techniques - observable inputs.

18C Financial Instrument Risks

The Authority's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Authority has a set of policies in place to manage the risks associated with financial instruments and it seeks to minimise its exposure to financial instrument risk.

These policies do not allow the Authority to enter into any transactions that are speculative in nature.

There have been no changes from the previous reporting period in either the types of financial instrument held, the type of risk exposure, or the way in which these financial instrument risks are managed.

Market Risk

Price risk

Price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates and other market factors.

Fair value Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Authority is exposed to interest rate risk on its bank deposits that are held at fixed rates of interest. The Authority minimises its exposure to interest rate risk exposure to interest rate risk by investing surplus liquid funds at short-term fixed interest rates and limiting its floating rate deposit balances to daily funding requirements.

As the Authority's short-term deposits are invested at fixed interest rates, any change in interest rates prior to deposit maturity has no impact on net surplus/(deficit). As these financial assets are carried at amortised cost, rather than at fair value, there is no direct impact on equity from any change in interest rates.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the Authority to cash flow interest rate risk. The Authority's treasury policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Authority currently has no variable interest rate investments.

Sensitivity Analysis

At year end, a movement of one percentage point in interest rates would not materially affect the Authority's surplus and equity as the Authority no longer holds term deposits.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Authority purchases some goods and services from overseas that require it to enter into transactions denominated in foreign currencies. Exposure to currency risk arises as a result of these activities. It is the Authority's policy to manage foreign currency risks arising from contractual commitments and liabilities by entering into foreign exchange forward contract derivatives for major transactions to mitigate the foreign currency risk exposure. The Authority has no designated hedging instruments, foreign currency bank accounts, or foreign currency translation reserves.

Sensitivity Analysis

At year end, if the NZ dollar had weakened/strengthened by 5% against the foreign currencies with all other variables held constant, the surplus for the year would have been:

- \$119,007 (2023: \$80,657) lower if the NZ dollar had weakened.
- \$131,534 (2023: \$72,975) higher if the NZ dollar had strengthened.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Authority. The Authority is exposed to credit risk on its balances of cash and cash equivalents, debtors and other receivables, investments in term deposits, and derivative contracts entered into. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Risk management

The Authority reviews the credit quality of clients and participants before granting credit, and continues to monitor and manage receivables based on their activity and expected future conditions and adjusts the expected credit loss allowance accordingly. Levies and charges revenue from domestic and international airlines account for approximately 85% (2023: 76%) of receivables. There are no other significant individual concentrations of credit risk.

The Authority manages its exposure by placing all cash and cash equivalents and derivative contracts with New Zealand registered banks having high quality credit ratings and by managing debtors and other receivables in accordance with the Authority's credit management policy. Surplus funds are invested with registered banks and organisations with a minimum AA- credit rating (Standard and Poor's, or equivalent Fitch or Moody's ratings agencies).

Security

No collateral or other credit enhancements are held for financial assets that give rise to credit risk.

Impairment

Cash and cash equivalents (Note 7), and receivables (Note 8), are subject to the expected credit loss model. The notes for these items provide relevant information on impairment.

Credit risk exposure by credit risk rating grades, excluding receivables

The gross carrying amount of financial assets, excluding receivables, by credit rating is provided below by reference to the credit agency credit ratings.

	Actual 2024 \$000	Actual 2023 \$000
Cash at bank and term deposits		
AA-	17,869	11,852
Total cash at bank and term deposits	17,869	11,852

All instruments in this table have a loss allowance based on 12-month expected credit losses.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting its payment obligations for commitments as they fall due. The Authority manages its liquidity risk by maintaining sufficient cash deposits in accordance with the levels set under its approved treasury policy.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the present value of contractual undiscounted cash flows for the Authority's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months & 1 year	Later than 1 year
	\$000	\$000	\$000	\$000	\$000
2024					
Payables (excluding income in advance and taxes payable)	9,800	9,800	9,800	-	-
Total contractual undiscounted cash flows	9,800	9,800	9,800	-	-
2023					
Payables (excluding income in advance and taxes payable)	12,801	12,801	12,801	-	-
Total contractual undiscounted cash flows	12,801	12,801	12,801	-	-

19 Events after the Balance Date

There have been no significant events after balance date.

20 Explanation of Major Variances Against Budget

Explanations for major variances from the Authority's budgeted figures in the Statement of Performance Expectations are provided in the paragraphs below.

Statement of Comprehensive Revenue and Expense

REVENUE

Revenue for the year ended 30 June 2024 of \$253.3 million showed an increase in levies of \$23 million from 2023 (16.8%) and which exceeded the levies budget of \$156.2 million by \$6.7 million (4.3%). Total revenue was above budget by \$6.0 million (2.4%) which was mainly due to this levy increase. All other revenue streams were close to budget. The significant variances are as follows:

Safety levies revenue

Regulatory Function levy revenue from departing domestic and international passengers and operator safety levies of \$29.0 million was above budget by \$3 million. This was mainly the result of the recovery from the pandemic, with levies continuing to grow into the new financial year.

Revenue from passenger security levies

Regulatory Function levy revenue from departing domestic and international passengers and operator safety levies of \$31.6 million was above budget by \$0.8 million. This was mainly the result of the continuing recovery from the pandemic partially offset by the current unfavourable economic conditions.

Revenue from other services

Revenue from passenger security levies of \$131.2 million was above the budget of \$125.4 million (4.7%) mainly due to the increase in international flights despite the current unfavourable economic conditions.

Crown funding revenue

Crown funding revenue of \$79.4 million was below budget of 81.7 million (-2.8%) largely due to less expenditure and hence less funding required to continue the Authority's operations as it moves closer to becoming fully self-funding.

Other Revenue

Other revenue of \$828k was above the budget of \$461k mainly due to a \$577k insurance payout for screening equipment damaged during the January 2023 floods in Auckland.

EXPENSE

Expenditure for the year ended 30 June 2024 of \$257.5 million was above budget of \$254.9 million (-1.1%). The significant variances are as follows:

Depreciation and amortisation expense

Depreciation and amortisation expense of \$6.3 million below the budget of \$7.6 million by \$1.3 million (17.3%). This was mainly due to the deferral of budgeted capital expenditure relating to the cabin baggage screening initiative.

Personnel costs

Personnel costs of \$211.5 million were above budget of \$205.1 million (\$6.4 million, -3.1%) primarily due to an increase in the long service leave and retirement leave liability revaluations (\$1.6 million), an increase in accrued annual leave, staff vacancies being filled faster than anticipated, and higher overtime in response to queue management needs for higher than forecast passenger volumes. This is partially offset by a reduction in contractor costs.

Property, Plant and Equipment

Actual capital expenditure for property, plant and equipment of \$10.2 million is below budget of \$15.2 million (32.9%) mainly due to timing of expenditure on Cabin Baggage Screening (\$2.9 million), holdstow screening (\$0.6 million), leasehold improvements (\$0.5 million), and other equipment (\$0.9million). The remaining budget for this has been carried over into the 2024/2025 year.

Additional financial information

Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2024

The following additional financial information provides segmental reporting that discloses the two industry segments operated within the Authority. These relate to the operations of the Regulatory Function and the Security Service.

Authority		CAA		AvSec		Elimination		Authority	
2023 Actual \$000		2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000
	Revenue								
139,476	Levies	31,605	30,806	131,247	125,352	-	-	162,852	156,158
7,239	Revenue from other services	5,409	5,267	2,061	2,073	(11)	(7)	7,459	7,333
64,034	Crown funding revenue	25,937	26,887	53,434	54,798	-	-	79,371	81,685
1,554	Ministry contract revenue	1,793	1,650	-	-	-	-	1,793	1,650
371	Interest revenue	249	-	747	-	-	-	996	-
40	Other revenue	116	185	712	276	-	-	828	461
212,714	Total revenue	65,109	64,795	188,201	182,499	(11)	(7)	253,299	247,287
	Expense								
178,191	Personnel costs	64,842	60,984	146,682	144,146	-	-	211,524	205,130
5,587	Depreciation and amortisation expense	1,662	1,247	4,594	6,321	-	-	6,256	7,568
-	Impairment of intangibles	-	-	480	-	-	-	480	-
225	Finance costs	8	-	172	214	-	-	180	214
37,057	Other expenses	818	3,811	38,301	38,140	(11)	(7)	39,108	41,944
221,060	Total expenses	67,330	66,042	190,229	188,821	(11)	(7)	257,548	254,856
(8,346)	Net (Deficit) / Surplus	(2,221)	(1,247)	(2,028)	(6,322)	-	-	(4,249)	(7,569)
(8,346)	Total comprehensive revenue and expense	(2,221)	(1,247)	(2,028)	(6,322)	-	-	(4,249)	(7,569)

Statement of Financial Position

As at 30 June 2024

Group		CAA		AvSec		Elimination		Authority	
		2023 Actual \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000
	Current Assets								
11,852	Cash and cash equivalents	7,199	450	10,670	1,227	-	-	17,869	1,677
17,137	Receivables	3,984	4,414	12,193	13,179	(809)	(651)	15,368	16,942
221	Services work in progress	320	160	-	-	-	-	320	160
2,807	Prepayments	1,799	1,992	1,703	1,842	-	-	3,502	3,834
32,017	Total Current Assets	13,302	7,016	24,566	16,248	(809)	(651)	37,059	22,613
	Non-Current Assets								
25,358	Property, plant and equipment	5,177	8,662	30,297	34,385	-	-	35,474	43,047
9,073	Intangible assets	13,670	14,167	214	165	-	-	13,884	14,332
34,431	Total Non-Current Assets	18,847	22,829	30,511	34,550	-	-	49,358	57,379
66,448	Total Assets	32,149	29,845	55,077	50,798	(809)	(651)	86,417	79,992
	Current Liabilities								
18,230	Creditors and other payables	8,048	3,661	10,923	9,033	(809)	(651)	18,162	12,043
21,247	Employee entitlements	5,167	4,071	19,737	17,761	-	-	24,904	21,832
371	Provisions	215	150	137	-	-	-	352	150
39,848	Total Current Liabilities	13,430	7,882	30,797	26,794	(809)	(651)	43,418	34,025
	Non-Current Liabilities								
8,084	Employee entitlements	443	309	6,974	7,198	-	-	7,417	7,507
375	Provisions	275	275	100	100	-	-	375	375
8,459	Total Non-Current Liabilities	718	584	7,074	7,298	-	-	7,792	7,882
48,307	Total Liabilities	14,148	8,466	37,871	34,092	(809)	(651)	51,210	41,907
18,141	Net Assets	18,001	21,379	17,206	16,706	-	-	35,207	38,085
	Equity								
18,141	General funds	18,001	21,379	17,206	16,706	-	-	35,207	38,085
18,141	Total Equity	18,001	21,379	17,206	16,706	-	-	35,207	38,085

Statement of Changes in Equity

For the Year Ended 30 June 2024

Authority		CAA		AvSec		Elimination		Authority	
		2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000
	Equity								
	Opening balance of equity at 1 July								
7,622	General funds	9,228	11,308	8,913	11,501	-	-	18,141	22,809
7,622	Total opening balance of equity at 1 July	9,228	11,308	8,913	11,501	-	-	18,141	22,809
(8,346)	Net (deficit)/surplus for the year	(2,221)	(1,247)	(2,028)	(6,322)	-	-	(4,249)	(7,569)
18,865	Capital contributions from the Crown	10,994	11,318	10,321	11,527	-	-	21,315	22,845
10,519	Total changes in equity during the year	8,773	10,071	8,293	5,205	-	-	17,066	15,276
	Closing balance of equity at 30 June								
18,141	General funds	18,001	21,379	17,206	16,706	-	-	35,207	38,085
18,141	Total closing balance of equity at 30 June	18,001	21,379	17,206	16,706	-	-	35,207	38,085

Statement of Cash Flows

For the Year Ended 30 June 2024

Group		CAA		AvSec		Elimination		Authority	
		2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000	2024 Actual \$000	2024 Budget \$000
	Cash Flows from Operating Activities								
137,122	Receipts from levies	31,602	29,950	131,629	124,475	-	-	163,231	154,425
6,229	Receipts from passenger security levies and charges, and other services	7,441	5,641	1,222	1,951	(11)	(7)	8,652	7,585
65,588	Receipts from Crown funding and Ministry contracts	27,730	28,537	53,434	54,798	-	-	81,164	83,335
504	Interest and other sundry revenue received	365	185	1,390	276	-	-	1,755	461
(166,527)	Payments to employees	(61,051)	(57,744)	(140,040)	(133,901)	-	-	(201,091)	(191,645)
(33,461)	Payments to suppliers	(2,111)	(6,878)	(48,830)	(42,635)	11	7	(50,930)	(49,506)
(239)	Goods and Services Tax (net)	899	262	3,007	697	-	-	3,906	959
9,216	Net Cash Flows from Operating Activities	4,875	(47)	1,812	5,661	-	-	6,687	5,614
	Cash Flows from Investing Activities								
-	Sale of property, plant and equipment	(26)	-	(299)	-	-	-	(325)	-
(12,022)	Purchase of property, plant and equipment	(4,707)	(4,397)	(10,228)	(16,491)	-	-	(14,935)	(20,888)
(5,300)	Purchase of intangible assets	(6,675)	(6,921)	(50)	(60)	-	-	(6,725)	(6,981)
(17,322)	Net Cash Flows from Investing Activities	(11,408)	(11,318)	(10,577)	(16,551)	-	-	(21,985)	(27,869)
	Cash Flows from Financing Activities								
18,865	Capital contributions from the Crown	10,994	11,318	10,321	11,527	-	-	21,315	22,845
18,865	Net Cash Flows from Financing Activities	10,994	11,318	10,321	11,527	-	-	21,315	22,845
10,759	Net increase/(decrease) in cash and cash equivalents	4,461	(47)	1,556	637	-	-	6,017	590
1,093	Opening cash and cash equivalents at 1 July	2,738	497	9,114	590	-	-	11,852	1,087
11,852	Closing Cash and Cash Equivalents at 30 June	7,199	450	10,670	1,227	-	-	17,869	1,677

Total employee remuneration paid or payable that is or exceeds \$100,000

	Actual 2024	Actual 2023
\$100,000 - \$109,999	175	128
\$110,000 - \$119,999	115	90
\$120,000 - \$129,999	81	66
\$130,000 - \$139,999	51	69
\$140,000 - \$149,999	81	31
\$150,000 - \$159,999	33	24
\$160,000 - \$169,999	30	16
\$170,000 - \$179,999	24	14
\$180,000 - \$189,999	14	4
\$190,000 - \$199,999	15	10
\$200,000 - \$209,999	8	5
\$210,000 - \$219,999	9	5
\$220,000 - \$229,999	8	3
\$230,000 - \$239,999	8	-
\$240,000 - \$249,999	2	2
\$260,000 - \$269,999	3	2
\$270,000 - \$279,999	1	1
\$280,000 - \$289,999	4	4
\$290,000 - \$299,999	4	1
\$300,000 - \$309,999	2	-
\$310,000 - \$319,999	1	2
\$320,000 - \$329,999	1	-
\$340,000 - \$349,999	1	1
\$410,000 - \$419,999	1	-
\$500,000 - \$509,999	1	1
Total number of employees	673	479

Information required by statute

Declaration required under the sections 171 and 172 of the Search and Surveillance Act 2012

Number of times the Authority has exercised its powers under section 24(4) of the Civil Aviation Act 1990 in 2023/24	Nil
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Acronyms and technical terms

ICAO International Civil Aviation Organization

SARP Standards and recommended practices adopted by ICAO

NSS New Southern Sky

ETU Emerging Technologies Unit

Kapua The new digital platform that we use to support our regulatory work

AvSec CAA's aviation security service

AVSECP ICAO's aviation security panel

HSWA Health and Safety at Work Act 2015

PBN Performance based navigation

GPS Global positioning system

SouthPAN Southern Positioning Augmentation Network - designed to improve the accuracy and reliability of satellite-based positioning systems in New Zealand and Australia

RZEP Reduced and zero emissions projects

NCASP National Civil Aviation Security Programme

CT Computed Tomography



Aviation Security Service

Kaiwhakamaru Rererangi

Civil Aviation Authority of New Zealand (Including Aviation Security Service)

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