

Statement of Performance Expectations

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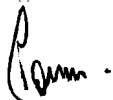
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Board Statement

The Authority certifies that the information contained in this Statement of Performance Expectations reflects the operations and projected financial position of the Civil Aviation Authority for the period 1 July 2014 to 30 June 2015.

Signed on: 19 May 2014



Nigel Gould
Chairman of the Authority



Peter Griffiths
Deputy Chairman

Section 1

Statement of Performance Expectations

The statement of performance expectations sets out the outputs (goods and services) the Authority is funded to provide and the standards against which we will assess our service delivery performance.

It is divided into the following five output classes:

1. Policy and regulatory strategy;
2. Outreach;
3. Certification and licensing;
4. Surveillance and investigation; and
5. Security service delivery.



Please refer to the 2014–18 Statement of Intent document for full diagram

Our focus areas and strategic priorities



Output Class 1
Policy & Regulatory Strategy

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

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

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

How does this contribute to our impacts? Our positive reputation for safety and security reflected through ICAO ratings; technical agreements and international compliance directly contributes to our impact of “New Zealand has a positive international reputation for air safety and security. This contributes to reducing trade and market barriers.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Quality: Percentage of international engagement undertaken that meets the key objective of the Authority’s International Engagement Strategy: International engagement conducted within the Ministers delegated authority	95%	95%
International Civil Aviation Organization (ICAO) compliance: Timeliness: Acknowledge incoming ICAO State letters within three weeks of receipt	100%	100%
Respond to incoming ICAO State letters by due date as set by ICAO	100%	100%
Maintain the currency of the Electronic Filing of Differences (eFOD) in accordance with ICAO timeframes	New measure	100%
Quality: Significant Safety Concerns (SSC) raised by ICAO	New measure	nil
ICAO coordinated validation mission (ICVM) carried out as a result of an SSC	New measure	nil



1.2 Ministerial Servicing – Civil Aviation

What is intended to be achieved

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

How does this contribute to our impacts?

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

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Quality: Reports, correspondence and Parliamentary questions acceptable to the Minister (assessed by bi-annual survey) based on a scale of “exceeded expectations”, “met expectations” or “requires improvement”.	Met or exceeded expectations	Met or exceeded expectations
Quality and Timeliness: Percentage of reports and responses that are delivered in accordance with prescribed standards and timeframes established by the Ministry of Transport in their correspondence tracking system.	100%	100%



1.3 Policy Advice – Civil Aviation

What is intended to be achieved

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

How does this contribute to our impacts?

A “safe airspace environment” and “participants act safely and manage risks” are determined by robust analysis and decision making.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Quality: Percentage of policy papers that meet the standards set out in the Authority’s policy development procedures (assessed by annual independent audit)	95%	95%
Timeliness: Stage II of the Airspace and Navigation policy implemented	Not applicable	Stage II implemented by 31 December 2015
Remotely Piloted Aircraft (RPAs) policy development and review of authorisation process complete	Stage one: Development and implementation of interim policy by 30 June 2014	Stage two: detailed long term policy by 30 June 2015



1.4 System Level Design and Intervention

What is intended to be achieved

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

How does this contribute to our impacts?

The proactive identification of emerging issues in the aviation environment allow us to develop minimum safety and security standards for aviation participants that directly contribute to all four of the impacts defined in the Authority's strategic framework depicted on page 3.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Quality and Timeliness: Proactive identification of emerging issues within the aviation environment – internationally, within the business environment, from the public arena and cross government.	Six monthly reports provided to Authority	Six monthly reports provided to Authority
Quality: All new issue assessments that impact the aviation regulatory system completed according to the Authority's issue assessment procedures.	100%	100%



1.5 Rules and Standards Development

What is intended to be achieved

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

How does this contribute to our impacts?

A robust and fit for purpose regulatory structure directly contributes to the maintenance of a safe airspace environment for all where aviation participants act safety and actively manage risks.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Quantity: Number of rules under development agreed between the Authority and the Ministry of Transport	6–10	6–10
Number of Rules completed agreed between the Authority and the Ministry of Transport	3–5	3–5
Quality and Timeliness: Documentation provided to the Ministry of Transport that is assessed by the Ministry as meeting timeliness and quality standards established in the Transport Regulatory Plan (the Plan) and Regulatory Development and Rule Production Handbook (the Handbook).	100%	100%



1.6 Pacific Support

What is intended to be achieved

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

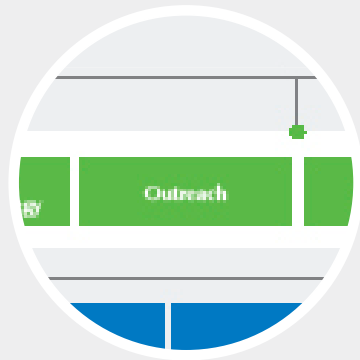
How does this contribute to our impacts?

New Zealand's positive international reputation for air safety and security is demonstrated through our role as regional leader and safety promoter to the Pacific States.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Timeliness: Action plan for each state developed and delivered according to the timetable agreed with each state.	Delivered according to timetable	Delivered according to timetable
Quality: Improvement in aviation safety and security outcomes in the Pacific as evidenced by an increased level of compliance with the ICAO eight critical elements of oversight system for safety and security (particularly resolution of safety concerns). ¹ New systems and processes established and used as a result of training.	Not applicable Ongoing	Improved level of compliance with ICAO eight critical elements Evidence of new systems and processes established and achieving desired results in Pacific States as a direct result of training provided
Increased industry satisfaction and willingness to engage in the Pacific.	Survey developed to assess industry satisfaction	Survey results reflect industry satisfaction and willingness to engage in the Pacific

Cost to deliver output class 1: Policy & Regulatory Strategy	2014 Estimated Actual \$000	2015 Budget \$000
Crown Funding (Vote Transport: Policy Advice)	1,780	1,780
Ministry Contract Revenue (rules development & Pacific)	1,374	1,374
Levies	757	523
Fees and charges	5	-
Other Revenue	-	-
Total Output Revenue	3,916	3,677
Total Output Expenses	(3,916)	(3,677)
NET SURPLUS/(DEFICIT)	0	0

¹ ICAO has identified and defined the following critical elements of a State's safety oversight system: CE-1 Primary aviation legislation, CE-2 Specific operating regulations, CE-3 State civil aviation system and safety oversight functions, CE-4 Technical personnel qualification and training, CE-5 Technical guidance, tools and the provision of safety-critical information, CE-6 Licensing, certification, authorization and approval obligations, CE-7 Surveillance obligations and, CE-8 Resolution of safety concerns. Definitions of each of the critical areas can be found at <http://www.icao.int/Security/USAP/Pages/The-Critical-Elements.aspx>



Output Class 2 Outreach

What we do
Under this output class the Authority:

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

What is intended to be achieved

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

How does this contribute to our impacts?

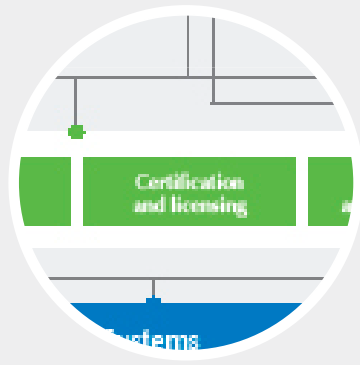
People have confidence and trust in the Authority's expertise and learn from the delivery of outreach programmes on risk identification and management. This directly contributes to participants acting safely and managing risks.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
<p>Quantity:</p> <p>Number of safety summary reports and aviation safety reports and other publications released</p>	<p>Reports: 4 safety summary 2 aviation safety 12–18 other publications</p>	<p>Reports: 4 safety summary 2 aviation safety 12–18 other publications</p>
<p>Timeliness:</p> <p>Percentage of reports and publications that are produced in accordance with the Authority's procedures² and to the following time lines:</p> <ul style="list-style-type: none"> • Safety summary reports within 40 days of quarter end; • Aviation safety reports within 6 months of period end. 	100%	100%
<p>Quantity:</p> <p>Number of educational units (seminars, workshops and courses) delivered</p>	20–30	20–30
<p>Quality:</p> <p>Percentage of educational units that are:</p> <ul style="list-style-type: none"> • Delivered in accordance with the schedule published on the CAA website • Rated by participants as a 3 or higher³ in their overall rating of the seminar and the benefit provided 	100%	100%

2 Aviation Safety Summary Report: 28-49-79 Aviation Safety Summary Report
Aviation Safety Report: 28-48-080 Aviation Safety Summary Report – Producing the six-monthly Aviation Safety Report

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

Cost to deliver output class 2: Outreach	2014 Estimated Actual \$000	2015 Budget \$000
Levies	4,189	4,347
Fees and Charges	-	-
Other Revenue	101	119
Total Output Revenue	4,290	4,466
Total Output Expenses	(4,308)	(4,447)
NET SURPLUS/(DEFICIT)	(18)	19



Output Class 3 Certification & Licensing

What we do

Under this output class the Authority:

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

What is intended to be achieved

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

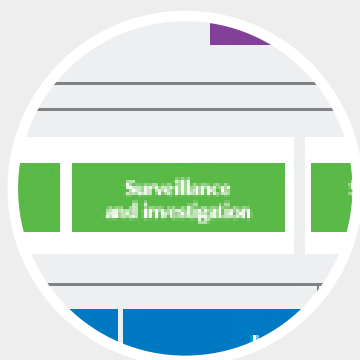
How does this contribute to our impacts?

The robust assessment and certification of participants in the civil aviation system ensures safe aviation practitioners maintain a safe airspace environment.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Quantity:		
Number of certifications carried out (estimated volumes):		
• Organisation	1,200 – 1,500	1,200 – 1,500
• Aircraft	930 – 1,130	930 – 1,130
• Service providers	35 – 45	35 – 45
Number of licensing procedures carried out	5,000–7,000	5,000–7,000
Quality:		
Percentage of certifications and licensing procedures that follow Authority procedural requirements (based on a quarterly assessment of progress against Statement of Performance Expectation performance measures by assessing a sample per the Authority review procedure ⁴).	100%	100%

4 Quarterly Assessment of Progress Against SOI Performance Measures Procedure

Cost to deliver output class 3: certification and licensing	2014 Estimated Actual \$000	2015 Budget \$000
Levies	11,160	11,615
Fees and Charges	6,422	6,612
Other Revenue	423	497
Total Output Revenue	18,005	18,724
Total Output Expenses	(18,081)	(18,649)
NET SURPLUS/(DEFICIT)	(76)	75



Output Class 4 Surveillance & Investigation

What we do

Under this output class the Authority:

- Monitors the adherence to safety and security standards by participants in the civil aviation system, including audits, inspections and investigations;
- Conducts inspections, audits and investigations under the Health and Safety in Employment Act 1992;
- Assesses safety data and information to identify safety and security risks in order to inform and influence the management of risk;
- Takes appropriate regulatory intervention under the Civil Aviation Act 1990 to hold participants to account where necessary.

What is intended to be achieved

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

How does this contribute to our impacts?

People have confidence in the safety and security of the aviation system as a result of the active monitoring, surveillance and investigations undertaken that address issues and risks that could result in a major occurrence.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Quantity:		
Number of audits and inspections		630–750
Number of health and safety in employment investigations, audits and inspections		35–55
Number of safety and regulatory investigations:	650–800	
Safety Investigations:		
Percentage of occurrences investigated or reviewed:		Minor >50%
		Major >35%
		Critical >15%
Enforcement Investigations		50–80
Aviation Related Concerns Investigations		400–460
Section 15A of the Civil Aviation Act 1990 Investigations		5–10
Number of hours spent on targeted safety analysis reporting by sector:		
	Not applicable	
Airline sector		300
Helicopter and agricultural		400
Other		500
Quality:		
Percentage of health and safety in employment investigations, audits and inspections that follow policy and procedural requirements (based on a quarterly assessment of progress against Statement of Performance Expectations performance measures by assessing a sample per the Authority review procedure ⁵).	100%	100%

Percentage of safety analysis reports provided to the operational units that are assessed as 'very useful' or 'somewhat useful'⁶.

New measure 100%

Timeliness:

Percentage of health and safety in employment investigation and audit reports issued within agreed timeframes (based on a quarterly assessment of progress against Statement of Performance Expectations performance measures by assessing a sample per the Authority review procedure⁷).

100% 100%

Quality and timeliness:

Percentage of safety and regulatory investigations that are delivered to agreed standards and time lines:

100% 100%

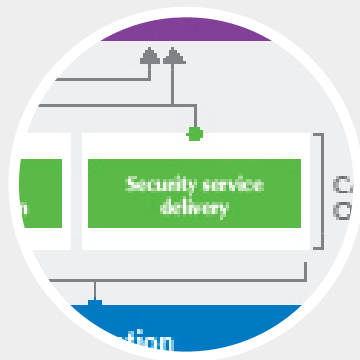
- Percentage of a 5% random sample of safety investigations that is assessed, both internally and externally, as meeting the Safety and Investigations Unit Business Plan time-scales and are based on defensible and justifiable reasons aligned with the Authority's strategic framework and Regulatory Operating Model.
- Percentage of a 5% random sample of regulatory investigations that is independently assessed to ensure they are completed within 12 months and the recommendations made are reasonable in the circumstances having regard to the Regulatory Operating Model.

Cost to deliver output class 4: Surveillance and Investigation	2014 Estimated Actual \$000	2015 Budget \$000
Crown Funding (Vote Transport: Health and safety in employment)	440	440
Levies	8,491	8,670
Fees and Charges	1,731	2,249
Other Revenue	256	311
Total Output Revenue	10,918	11,670
Total Output Expenses	(10,993)	(11,660)
NET SURPLUS/(DEFICIT)	(75)	10

⁵ Quarterly Assessment of Progress Against SOI Performance Measures Procedure

⁶ Based on a survey of each report being assessed by recipients based on the following scale: 1. Very useful, 2. Somewhat useful, 3. Not very useful, 4. Not at all useful

⁷ Quarterly Assessment of Progress Against SOI Performance Measures Procedure



Output Class 5 Security Service Delivery

What we do

Under this output class the Authority:

- Screens all passengers and their carry-on baggage at security designated airports⁸
- Screens all hold baggage on departing international flights
- Screens airport workers with access to enhanced security areas at international airports
- Manages the issue of airport identity cards
- Conducts perimeter patrols at security designated aerodromes and navigation facilities
- Preparedness to provide a maritime security response role to a high level threat situation at the Port of Auckland affecting cruise ships or their passengers



5.1 Screening Activity

What is intended to be achieved

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

How does this contribute to our impacts?

People have confidence in the safety and security of air transport that threats and risks don't materialise, or are resolved as quickly and unobtrusively as possible. Effective screening processes reduce the risk of aviation security incidents and ensures that international and domestic aviation security standards and regulatory requirements are met to the highest possible degree.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Timeliness:		
Number of flight delays attributable to screening activities (due to security system failure)	4	Nil
Average passenger wait times at international departure screening points ⁹	≤ 3 mins	≤ 3 mins
Average passenger wait times at domestic departure screening points ⁹	≤ 3 mins	≤ 3 mins
Quality:		
Number of verified unauthorised or prohibited items discovered post screening points (due to security system failure) ¹⁰	< 3.4 items per million screened	< 3.4 items per million screened
Number of verified dangerous goods discovered post screening points (due to security system failure) ¹⁰	< 3.4 items per million screened	< 3.4 items per million screened
Number of substantiated complaints against security officers involved in the screening function	No more than 1 per 250,000 passengers screened	No more than 1 per 250,000 passengers screened

⁸ All departing international passengers and their carry-on baggage are screened. All domestic passengers and their carry-on baggage are screened where the passenger is travelling on aircraft with seats for 90 or more passengers.

⁹ Waiting time subject to review as part of screening point efficiency review.

¹⁰ Systems failures on the part of the Authority include failure to detect a security threat item, equipment failure/malfunction which has the potential to compromise the security or safety of civil aviation.

Quantity:

Percentage of passengers screened against an optimum screening capability of 270 persons per hour, per screening lane:

• Metro-domestic airports	>67.5%	>67.5%
• Metro international airports	>64.0%	>64.0%
• Regional domestic airports	>57.5%	>57.5%

Unproductive productivity percentage for staff undertaking rostered duties (rostering surplus) ¹¹	<12% rostering surplus	<12% rostering surplus
--	------------------------	------------------------



5.2 Audit Performance; Access Control; Maritime Security Services

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

How does this contribute to our impacts? High standards maintained in the delivery of security services result in a positive international reputation for air safety and security.

How Will We Assess Our Service Delivery Performance?	2014 Estimated Actual	2015 Budget
Quality:		
Audit Performance: Percentage of any audit findings cleared within the specified timeframes.	100%	100%
Audit Performance: Number of corrective action requests issued pertaining to screening functions issued by external auditors during any programmed audit	Nil	Nil
Access Control: Number of corrective action requests pertaining to access control issued by external auditors	Nil	Nil
Maritime Security Services: Number of major findings from annual audit review of the readiness/provision of Maritime Security Support	Nil	Nil

Cost to deliver output class 5: Security service delivery	2014 Estimated Actual \$000	2015 Budget \$000
Contracted services	2,678	3,075
Passenger security charges	74,457	72,827
Crown funding – Maritime Security Services	145	145
Other Revenue	1,453	833
Total Output Revenue	78,733	76,880
Total Output Expenses	(77,138)	(75,602)
NET SURPLUS/(DEFICIT)	1,595	1,278

¹¹ Rostering surplus is the percentage of time that operational staff are

Section 2

Prospective Financial Statements

Prospective Financial Indicators

For the years ended 30 June

	2014 Estimated Actual \$000	2015 Budget \$000
Aviation Safety & Regulatory Services		
Revenue	37,129	38,537
Output Expenses	37,298	38,433
Net surplus / (deficit)	(169)	104
Bank and Investment balances	9,704	4,955
Net assets	9,963	10,067
Capital Expenditure	(435)	(4,937)
Aviation Security Services		
Revenue	78,733	76,880
Output Expenses	77,138	75,602
Net surplus / (deficit)	1,595	1,278
Bank and Investment balances	17,046	15,741
Net assets	18,882	20,160
Capital Expenditure	(7,608)	(6,552)
Civil Aviation Authority ¹		
Revenue	115,847	115,402
Output Expenses	114,421	114,020
Net surplus / (deficit)	1,426	1,382
Bank and Investment balances	26,750	20,696
Net assets	28,845	30,227
Capital Expenditure	(8,043)	(11,489)

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

Note 1: Net of elimination related to CAA compliance audit of Avsec under part 140 and 141 of Civil Aviation Act 1990

Prospective Statement of Comprehensive Revenue

For the years ending 30 June

	2014 Estimated Actual \$000	2015 Budget \$000
Revenue		
Levies revenue	24,597	25,155
Passenger security charges	74,457	72,827
Revenue from other services	10,821	11,921
Crown funding revenue	2,365	2,365
Ministry contract revenue	2,132	1,519
Interest and other revenue	1,394	1,570
Gain/(loss) on assets	81	45
Total revenue	115,847	115,402
Expense		
Personnel costs	84,055	87,013
Other costs of services	24,863	21,660
Audit fees for financial statements audit	107	109
Finance costs	264	252
Depreciation and amortisation expense	4,984	4,838
Capital charge	-	-
Authority member costs	148	148
Total expenses	114,421	114,020
NET SURPLUS / (DEFICIT)	1,426	1,382
Total other comprehensive revenue and expenses	-	-
Total Comprehensive Revenue for the Year	1,426	1,382

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

Prospective Statement of Changes in Net Assets/Equity

For the years ended 30 June

	2014 Estimated Actual \$000	2015 Budget \$000
Equity		
Opening balance of equity at 1 July		
General funds	24,032	20,252
Property, plant and equipment revaluation reserve	746	746
Passenger security charges and other fees and charges reserves	2,641	7,847
Total opening balance of equity at 1 July	27,419	28,845
Total changes in equity during the year		
Total comprehensive revenue for the year	1,426	1,382
Transfers to / (from) passenger security charges and other fees and charges reserves	3,611	(400)
Transfers to / (from) general funds	(3,611)	400
Total changes in equity during the year	1,426	1,382
Closing balance of equity at 30 June		
General funds	20,252	20,756
Property, plant and equipment revaluation reserve	746	746
Passenger security charges and other fees and charges reserves	7,847	8,725
Total closing balance of equity at 30 June	28,845	30,227

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

Prospective Statement of Financial Position

As at 30 June

	2014 Estimated Actual \$000	2015 Budget \$000
Current Assets		
Cash and cash equivalents	1,376	822
Debtors and other receivables	13,349	13,021
Investments – term deposits	25,374	19,874
Total Current Assets	40,099	33,717
Non-Current Assets		
Property, plant and equipment	14,464	16,847
Intangible assets	2,091	6,359
Investment Property	415	415
Total Non-Current Assets	16,970	23,621
Total Assets	57,069	57,338
Current Liabilities		
Creditors and other payables	9,096	8,519
Employee entitlements	9,847	9,847
Provisions	72	72
Borrowings	400	400
Total Current Liabilities	19,415	18,838
Non-Current Liabilities		
Employee entitlements	5,184	5,184
Provisions	1,085	949
Borrowings	2,540	2,140
Total Non-Current Liabilities	8,809	8,273
Total Liabilities	28,224	27,111
Net Assets	28,845	30,227
Equity		
General funds	20,252	20,756
Property, plant and equipment revaluation reserve	746	746
Passenger security charges and other fees and charges reserves	7,847	8,725
Total Equity	28,845	30,227

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

Prospective Statement of Cash Flows

For the years ended 30 June

	2014 Estimated Actual \$000	2015 Budget \$000
Cash Flows From Operating Activities		
Cash was provided from:		
Receipts from levies	29,210	30,212
Receipts from Passenger security charges and other services	97,144	96,750
Receipts from Crown funding and Ministry contracts	4,978	3,995
Interest and other revenue	1,120	2,238
Total	132,452	133,195
Cash was applied to:		
Payments to employees	(78,809)	(83,113)
Payments to suppliers	(29,141)	(31,230)
Interest paid	(264)	(252)
Goods and Services Tax (net)	(12,970)	(12,810)
Total	(121,184)	(127,405)
Net Cash Flows from Operating Activities	11,268	5,790
Cash Flows From Investing Activities		
Cash was provided from:		
Maturity of investments	-	5,500
Sale of property, plant and equipment	-	45
Total	-	5,545
Cash was applied to:		
Placement of investments	(2,933)	-
Purchase of property, plant and equipment	(7,303)	(6,161)
Purchase of intangible assets	(740)	(5,328)
Total	(10,976)	(11,489)
Net Cash Flows from Investing Activities	(10,976)	(5,944)
Cash Flows From Financing Activities		
Cash was provided from:		
Proceeds from external borrowings	-	-
Total	-	-

	2014 Estimated Actual \$000	2015 Budget \$000
Cash was applied to:		
Repayment of external borrowings	(1,116)	(400)
Total	(1,116)	(400)
Net Cash Flows from Financing Activities	(1,116)	(400)
Net increase/(decrease) in cash and cash equivalents	(824)	(554)
Opening cash and cash equivalents at 1 July	2,200	1,376
Closing cash and cash equivalents at 30 June	1,376	822

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

Section 3

Notes to the Prospective Financial Statements

Statement of significant underlying assumptions

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

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

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

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

Passenger volumes

Forecasting revenue from safety levies and security charges based on domestic and international passenger volumes remains problematic. This is due to the competitiveness and commercial confidentiality surrounding airlines planned activity and projected passenger numbers, and the impacts external factors such as economic events and natural disasters can have, in terms of market responses by operators and consumer behaviour.

Passenger Numbers	2013/14 Estimated Actual	2014/15 Budget
Safety levies: Domestic	10,450	10,684
Security charges: Domestic	5,936	5,936
Safety levy and Security charges: International	4,962	5,110

Figure 1 Projected Passenger Numbers

Aviation Security Service passenger security charges are based upon each passenger carried on jet aircraft with 90 or more passengers on each domestic sector, whereas the Aviation Safety and Regulatory safety levy is based upon each passenger carried on each domestic sector.

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

- Volumes of passengers departing on international flights are predicted to increase by 3.0% over the 2013/14 estimated actual to 5.1 million in 2014/15, reflecting continued growth in Queenstown and Auckland and some recovery in Christchurch.
- Aviation Security screened domestic passenger volumes are forecast to be at the same level as the 2013/14 estimated actual of 5.9 million. It is expected that increasing domestic passenger volumes will be driven through increased non jet services which have a seating capacity of less than 90 seats.
- The total number of passengers departing on domestic flights is forecast to increase by 2% over the 2013/14 Estimated Actual to 10.65 million in 2014/15.

Other assumptions for the 2014/15 Statement of Performance Expectations are:

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

Aviation Safety and Regulatory Function

Levy revenue

Revenue from safety levies are collected on the total number of passengers departing on domestic and international flights, and have been estimated based on the projections in figure 1.

The 2014/15 budget has been set using the regulated international and domestic passenger safety levy of \$1.30 and \$1.71 respectively (GST exclusive) which were reset from 1 November 2012 and will be maintained during the current budget period.

Fees and charges revenue

The revenue for fees and charges reflects the outcome of the review of funding arrangements, effective from 1 November 2012. This pricing structure reflects the size of the industry and the income recoverable from regulatory interventions.

The regulated hourly rate applying from 1 July 2013 was \$212 and from 1 July 2014 will be \$247 (all GST exclusive).

Personnel costs

The 2014/15 budget has been prepared on a Aviation Safety and Regulatory Function staff establishment of 239 full-time equivalent positions.

The personnel costs have risen over the 2013/14 estimated actual due to all positions from the 2012 Organisational Design Review being appointed and funded for the full year, unless specific circumstances are known. The budgeted personnel costs include provision for performance related increases and to assist with attracting and retaining key staff.

Operating surpluses/deficits

It is intended that the projected deficit in 2013/14 shown in the Prospective Statement of Comprehensive Revenue on page 31 will be funded from accumulated reserves.

Balance sheet

The redesign and rebuild of the core business Aviation Safety Management System is progressing at a current estimated capital cost of \$7.8 million. The 2014/15 project cost of \$3.0 million is planned to be funded from accumulated reserves.

It is assumed that the \$2.54 million residual balance of the Crown loan for the fit-out of 55 Featherston Street, due to be paid on 30 June 2015, will be rolled over and/or a new loan executed, to match the life of the underlying lease period.

Aviation Security Service

Passenger security charges

Passenger security charges have been estimated based on the projections of security screened domestic and international passenger volumes stated in figure 1.

The 2014/15 budget has been set using the regulated passenger security charges set in April 2014 that followed a review of passenger charges approved by Cabinet. Effective 1 April 2014, this review reduced the domestic security charge from \$4.00 (GST exclusive) per sector travelled for domestic passengers to \$3.32 (GST exclusive) and from 1 April 2015 will reduce the charge further to \$3.23 (GST exclusive). The review held the international security charge constant at \$10.42 (GST exclusive).

These revised passenger security charges are set at a level that reflects the Aviation Security Service's normal operating costs, anticipated efficiency gains and a planned increase in passenger security charges reserves to a target of \$10 million.

Contracted services revenue

The Aviation Security Service receives revenue from security services work provided to third parties. The revenue level is assumed to be consistent with 2013/14 activity levels. Current contracted recovery rates have been utilised in the setting of revenue.

Personnel costs

The 2014/15 budget has been prepared on an Aviation Security service average establishment of 711 full-time equivalent positions. This decrease from 2013/14 is the result of expected efficiency gains, as well as the assumption that gatehouse services currently provided to Airports will not continue.

Personnel Costs are expected to increase by 1.5% above the 2013/14 estimated actual level. Staff turnover is expected to increase as economic conditions improve.

Operating surpluses/deficits

It is intended that the projected surplus in 2013/14 and 2014/15 shown in the Prospective Statement of Comprehensive Revenue on page 31 will contribute to accumulated reserves.

Equity

The Aviation Security Service aims to establish a \$10 million reserve. The purpose and targeted level of this reserve was reviewed as part of the Aviation Security Services review of passenger charges approved by Cabinet.

In the past the Aviation Security Service's policy was to hold a contingency reserve of \$7.5 million for dealing with external shocks. However, the reserve is also needed to manage revenue fluctuations over time, and now covers broader financial requirements, as follows:

- business-as-usual working capital to deal with seasonal and business cycle fluctuations in passenger volumes;
- funds to enable Avsec to operate up to 6 weeks following external shocks.

However, the reserve level is projected to remain below the targeted level of \$10 million for the budget period.

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. As a Crown Entity, the Authority is also subject to the provisions of the Crown Entities Act 2004. The Authority has a responsibility to work towards the development and delivery of achieving an integrated, safe, responsive and sustainable civil aviation system.

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

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

Basis of preparation

The prospective financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, the Civil Aviation Act 1990, FRS-42 and NZ GAAP as it relates to prospective financial statements.

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

The prospective financial statements contain information that may not be appropriate for purposes other than those described in the Board Statement on page 2.

Measurement basis

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

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

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policies, except for changes to the cost allocation policy relating to non-regulated charges.

Significant accounting policies

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

Revenue

The Authority earns revenue from:

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

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

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

Provision of fee-based services

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

Interest

Interest revenue is recognised using the effective interest method.

Crown funding and Ministry contracts

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

Goods and services tax

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

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

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

Income tax

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

Payment of any surplus to the Crown

Section 165 of the Crown Entities Act 2004 provides the Minister of Finance with discretion to require Crown

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

Derivative financial instruments and foreign currency transactions

Financial instruments measured at fair value through profit or loss – comprising forward exchange contract derivatives

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

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

Foreign currency transactions

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

Other financial assets

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

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

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

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

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

Impairment of financial assets

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

Leases

Finance leases

The Authority has entered into finance leases for certain security screening and office equipment. Finance leases effectively transfer to the Authority substantially all the risks and rewards of asset ownership, whether or not title is eventually transferred.

At the commencement of the lease term, the Authority recognises finance leases as assets and liabilities in the Prospective Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is expensed to the Prospective Statement of Comprehensive Revenue over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If it is not certain that the Authority will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

Cash and cash equivalents

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

Inventories

Service's work in progress

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

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

Inventory write-downs

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

Investments

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

Bank deposits

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

Property, plant and equipment

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

Accounting for revaluations

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

Additions

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

Disposals

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

Subsequent costs

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

Depreciation

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

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

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

Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

Amortisation

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

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

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

Impairment of property, plant and equipment and intangibles

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on depreciated replacement cost.

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

For revalued assets, any impairment loss is recognised in other comprehensive revenue to the extent that the impairment loss does not exceed the amount carried in that reserve. Where the impairment loss would result in a debit balance in the revaluation reserve, the balance is recognised in the Prospective Statement of Comprehensive

Revenue. Subsequent reversals of impairment losses are recognised firstly, in the Prospective Statement of Comprehensive Revenue, to the extent the impairment loss was originally recognised there and then in the associated revaluation reserve.

Investment property

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

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

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

Borrowings

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

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

Employee entitlements

Short-term employee entitlements

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

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

Long-term employee entitlements

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

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that

staff will reach the point of entitlement and contractual entitlements information; and

- The present value of the estimated future cash flows.

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

Post-employment entitlements

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

Provisions

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

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

Equity

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

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

Property revaluation reserve

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

Passenger security reserve

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

Passenger safety reserve

This reserve relates to the accumulated surpluses/deficits

arising from the different funding sources relating to safety and regulatory activities.

Output costing

Criteria for direct and indirect costs

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

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

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

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

Criteria for apportioning Support Services costs

The delivery of shared support services for both the Aviation Safety and Regulatory Function and the Aviation Security Service was established from 7 November 2011. The costs arising in each shared services group (Corporate Services, Organisational Development and Strategy, and Legal Services) 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 Aviation Safety and Regulatory Function and Aviation Security Service bear an equitable share of the costs of providing shared services.

Critical accounting estimates, assumptions and judgments

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

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 discussed below:

Internally developed computer software intangible assets availability for use

Determining whether an internally developed computer software intangible asset has reached the condition necessary for it to be capable of operating in the condition intended by management, requires judgment as to the intended level of functionality and when this has been reached.

Once the software has reached the determined level of functionality, it is classified as available for use and amortisation commences over the asset's estimated useful life. Annual impairment testing of the development project is no longer required and the completed intangible asset is, instead, annually reviewed for indicators of impairment.

The Authority has exercised its judgment in determining the availability for use of particular developed computer software intangible assets while others remain classified as under development.

Lease classification

Determining whether a lease agreement is a financial or an operating lease requires judgment as to whether the agreement transfers substantially all the risks and rewards of ownership to the Authority. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease means the asset is recognised in the Prospective Statement of Comprehensive Revenue as property, plant and equipment, whereas for an operating lease, no such asset is recognised.

Section 4

Additional Prospective Financial Information

Prospective Statement of Comprehensive Revenue

For the years ended 30 June

Revenue	Aviation Safety & Regulatory Function		Aviation Security Service		Civil Aviation Authority	
	2014 Estimated Actual \$'000	2015 Budget \$'000	2014 Estimated Actual \$'000	2015 Budget \$'000	2014 Estimated Actual \$'000	2015 Budget \$'000
Levies revenue	24,597	25,155	-	-	24,597	25,155
Passenger security charges	-	-	74,457	72,827	74,457	72,827
Revenue from other services	8,158	8,861	2,678	3,075	10,821	11,921
Crown funding revenue	2,220	2,220	145	145	2,365	2,365
Ministry contract revenue	1,374	1,374	758	145	2,132	1,519
Interest and other revenue	771	927	623	643	1,394	1,570
Gain/(loss) on assets	9	-	72	45	81	45
Total Revenue	37,129	38,537	78,733	76,880	115,847	115,402
Expense						
Personnel costs	26,864	28,951	57,191	58,062	84,055	87,013
Other costs of services	8,841	7,943	16,037	13,732	24,863	21,660
Audit fees for financial statements audit	107	109	-	-	107	109
Finance costs	244	252	20	-	264	252
Depreciation and amortisation expense	1,094	1,030	3,890	3,808	4,984	4,838
Capital charge	-	-	-	-	-	-
Authority member costs	148	148	-	-	148	148
Total Expenses	37,298	38,433	77,138	75,602	114,421	114,020
NET SURPLUS / (DEFICIT)	(169)	104	1,595	1,278	1,426	1,382
Total other comprehensive revenue and expenses	-	-	-	-	-	-
Total comprehensive revenue for the year	(169)	104	1,595	1,278	1,426	1,382

Note 1: The consolidation is net of the elimination of the cost of CAA compliance audit of Avsec under part 140 and 141 of the Civil Aviation Act 1990. The accompanying statement of accounting policies forms part of these prospective financial statements.
The accompanying statement of accounting policies forms part of these prospective financial statements.

Prospective Statement of Changes in Net Assets/Equity

For the years ended 30 June

	Aviation Safety & Regulatory Function			Aviation Security Service			Civil Aviation Authority		
	2014 Estimated Actual \$000	2015 Budget \$000	2015 Budget \$000	2014 Estimated Actual \$000	2015 Budget \$000	2015 Budget \$000	2014 Estimated Actual \$000	2015 Budget \$000	2015 Budget \$000
Equity									
Opening Balance of Equity at 1 July									
General funds	10,132	9,963	13,900	10,289	24,032	20,252			
Property, plant and equipment revaluation reserve	-	-	746	746	746	746			
Passenger security charges and other fees and charges reserves	-	-	2,641	7,847	2,641	7,847			
Total opening balance of equity at 1 July	10,132	9,963	17,287	18,882	27,419	28,845			
Total comprehensive revenue for the year	(169)	104	1,595	1,278	1,426	1,382			
Transfers to / (from) passenger security charges and other fees and charges reserves	-	-	3,611	(400)	3,611	(400)			
Transfers to / (from) general funds	-	-	(3,611)	400	(3,611)	400			
Total changes in equity during the year	(169)	104	1,595	1,278	1,426	1,382			
Closing balance of taxpayers' equity at 30 June									
General funds	9,963	10,067	10,289	10,689	20,252	20,756			
Property, plant and equipment revaluation reserve	-	-	746	746	746	746			
Passenger security charges and other fees and charges reserves	-	-	7,847	8,725	7,847	8,725			
Total closing balance of taxpayers' equity at 30 June	9,963	10,067	18,882	20,160	28,845	30,227			

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

Prospective Statement of Financial Position

As at 30 June

	Aviation Safety & Regulatory Function		Aviation Security Service		Civil Aviation Authority	
	2014 Estimated Actual \$'000	2015 Budget \$'000	2014 Estimated Actual \$'000	2015 Budget \$'000	2014 Estimated Actual \$'000	2015 Budget \$'000
Current Assets						
Cash and cash equivalents	643	394	733	428	1,376	822
Debtors and other receivables	4,809	4,878	8,540	8,143	13,349	13,021
Investments – term deposits	9,061	4,561	16,313	15,313	25,374	19,874
Total Current Assets	14,513	9,833	25,586	23,884	40,099	33,717
Non-Current Assets						
Property, plant and equipment	4,163	3,858	10,301	12,989	14,464	16,847
Intangible assets	627	4,839	1,464	1,520	2,091	6,359
Investment Property	-	-	415	415	415	415
Total Non-Current Assets	4,790	8,697	12,180	14,924	16,970	23,621
Total Assets	19,303	18,530	37,766	38,808	57,069	57,338
Current Liabilities						
Creditors and other payables	3,610	3,133	5,486	5,386	9,096	8,519
Employee entitlements	2,303	2,303	7,544	7,544	9,847	9,847
Provisions	72	72	-	-	72	72
Borrowings	400	400	-	-	400	400
Total Current Liabilities	6,385	5,908	13,030	12,930	19,415	18,838

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	Aviation Safety & Regulatory Function		Aviation Security Service		Civil Aviation Authority	
	2014 Estimated Actual \$'000	2015 Budget \$'000	2014 Estimated Actual \$'000	2015 Budget \$'000	2014 Estimated Actual \$'000	2015 Budget \$'000
Non-Current Liabilities						
Employee entitlements	415	415	4,769	4,769	5,184	5,184
Provisions	-	-	1,085	949	1,085	949
Borrowings	2,540	2,140	-	-	2,540	2,140
Total Non-Current Liabilities	2,955	2,555	5,854	5,718	8,809	8,273
Total Liabilities	9,340	8,463	18,884	18,648	28,224	27,111
Net Assets	9,963	10,067	18,882	20,160	28,845	30,227
Equity						
General funds	9,963	10,067	10,289	10,689	20,252	20,756
Property, plant and equipment revaluation reserve	-	-	746	746	746	746
Passenger security charges and other fees and charges reserves	-	-	7,847	8,725	7,847	8,725
Total Equity	9,963	10,067	18,882	20,160	28,845	30,227

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

Prospective Statement of Cash Flows

For the year ended 30 June

	Aviation Safety & Regulatory Function		Aviation Security Service		Civil Aviation Authority	
	2014 Estimated Actual \$000	2015 Budget \$000	2014 Estimated Actual \$000	2015 Budget \$000	2014 Estimated Actual \$000	2015 Budget \$000
Cash Flows From Operating Activities						
Cash was provided from:						
Receipts from levies	29,210	30,212	-	-	29,210	30,212
Receipts from Passenger security charges and other services	8,550	9,213	88,594	87,537	97,144	96,750
Receipts from Crown funding and Ministry contracts	4,101	3,694	877	301	4,978	3,995
Interest and other revenue	368	927	752	1,311	1,120	2,238
Total	42,229	44,046	90,223	89,149	132,452	133,195
Cash was applied to:						
Payments to employees	(24,695)	(27,214)	(54,114)	(55,899)	(78,809)	(83,113)
Payments to suppliers	(11,883)	(11,956)	(17,258)	(19,274)	(29,141)	(31,230)
Interest paid	(244)	(252)	(20)	-	(264)	(252)
Payments of capital charge to the Crown	-	-	-	-	-	-
Goods and Services Tax (net) ¹	(3,771)	(4,036)	(9,199)	(8,774)	(12,970)	(12,810)
Total	(40,593)	(43,458)	(80,591)	(83,947)	(121,184)	(127,405)
Net Cash Flows from Operating Activities	1,636	588	9,632	5,202	11,268	5,790
Cash Flows From Investing Activities						
Cash Was Provided From:						
Maturity of investments	-	4,500	-	1,000	-	5,500
Sale of property plant and equipment	-	-	-	45	-	45
Total	-	4,500	-	1,045	-	5,545

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	Aviation Safety & Regulatory Function			Aviation Security Service			Civil Aviation Authority		
	2014 Estimated Actual \$000	2015 Budget \$000	2014 Estimated Actual \$000	2014 Estimated Actual \$000	2015 Budget \$000	2014 Estimated Actual \$000	2015 Budget \$000		
Cash was applied to:									
Placement of investments	(1,500)	-	(1,433)	-	-	(2,933)	-	-	-
Purchase of property plant and equipment	(375)	(479)	(6,928)	(5,682)	(7,303)	(6,161)	(6,161)	(6,161)	(6,161)
Purchase of intangible assets	(60)	(4,458)	(680)	(870)	(740)	(5,328)	(5,328)	(5,328)	(5,328)
Total	(1,935)	(4,937)	(9,041)	(6,552)	(11,489)	(11,489)	(11,489)	(11,489)	(11,489)
Net Cash Flows from Investing Activities									
	(1,935)	(437)	(9,041)	(5,507)	(10,976)	(10,976)	(10,976)	(10,976)	(5,944)
Cash Flows From Financing Activities									
Cash Was Provided From:									
Proceeds from external borrowings	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Cash was applied to:									
Repayment of external borrowings	(400)	(400)	(716)	-	-	(1,116)	(400)	(400)	(400)
Total	(400)	(400)	(716)	(716)	(400)	(1,116)	(400)	(400)	(400)
Net Cash Flows from Financing Activities									
	(400)	(400)	(716)	(716)	(400)	(1,116)	(400)	(400)	(400)
Net increase/decrease in cash and cash equivalents	(699)	(249)	(125)	(305)	(824)	(554)	(554)	(554)	(554)
Opening cash and cash equivalents at 1 July	1,342	643	858	733	2,200	1,376	1,376	1,376	1,376
Closing cash and cash equivalents at 30 June	643	394	733	428	1,376	822	822	822	822

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

Prospective Reconciliation of Equity: Aviation Safety and Regulatory Function

For the year ended 30 June

2015 Budget \$'000	Fixed Fee	Hourly Charges	Other (Vote Transport & MoT Contract)	General Funds (including Levies)
Revenue	2,811	6,050	3,594	26,082
Expenditure	(3,791)	(11,579)	(3,938)	(19,125)
Net surplus / (deficit)	(980)	(5,529)	(344)	6,957
Opening balance at 1 July	-	-	-	9,963
Transfer (from) to other reserves	980	5,529	344	(6,853)
Closing balance at 30 June	-	-	-	10,067

2014 Estimated Actual \$'000	Fixed Fee	Hourly Charges	Other (Vote Transport & MoT Contract)	General Funds (including Levies)
Revenue	2,877	5,280	3,594	25,378
Expenditure	(3,760)	(10,883)	(4,189)	(18,466)
Net surplus / (deficit)	(883)	(5,603)	(595)	6,912
Opening balance at 1 July	-	-	-	10,132
Transfer (from) to other reserves	883	5,603	595	(7,081)
Closing balance at 30 June	-	-	-	9,963

Prospective Reconciliation of Equity: Aviation Security Service

For the year ended 30 June

2015 Budget \$000	International Passenger Security Charges	Domestic Passenger Security Charges	Total Passenger Security Charges	Other Fees / Charges	Total Specific Reserves	Property, Plant and Equipment revaluation reserve	General Funds
Revenue	53,250	19,577	72,827	3,365	76,192	-	-
Expenditure	(50,008)	(21,481)	(71,489)	(3,425)	(74,914)	-	-
Net surplus / (deficit)	3,242	(1,904)	1,338	(60)	1,278	-	-
Opening balance at 1 July	2,116	5,731	7,847	-	7,847	746	10,289
Transfer (from) to specific reserves	(280)	(120)	(400)	-	(400)	-	400
Closing balance at 30 June	5,078	3,707	8,785	(60)	8,725	746	10,689

2014 Estimated Actual \$000	International Passenger Security Charges	Domestic Passenger Security Charges	Total Passenger Security Charges	Other Fees / Charges	Total Specific Reserves	Property, Plant and Equipment revaluation reserve	General Funds
Revenue	51,688	22,769	74,457	3,585	78,042	-	-
Expenditure	(50,915)	(21,553)	(72,468)	(3,979)	(76,448)	-	-
Net surplus / (deficit)	773	1,216	1,989	(394)	1,595	-	-
Opening balance at 1 July	(100)	3,903	3,803	(1,162)	2,641	746	13,900
Transfer (from) to specific reserves	1,443	612	2,055	1,556	3,611	-	(3,611)
Closing balance at 30 June	2,116	5,731	7,847	-	7,847	746	10,289

Proposed Capital Expenditure

For the year ending 30 June

Proposed Capital Expenditure	Aviation Safety & Regulatory Function \$'000		Aviation Security Service \$'000	
	Estimated Actual 2014	Budget 2015	Estimated Actual 2014	Budget 2015
Computer hardware	280	389	32	-
Computer software	60	4,458	680	870
Plant & equipment	15	10	5,927	5,286
Furniture & fittings	-	-	-	-
Motor vehicles	80	80	666	396
Leasehold Improvements	-	-	303	-
Leased assets	-	-	-	-
Total	435	4,937	7,608	6,552



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