
Brief for the Incoming Minister of Transport
The Civil Aviation Authority of New Zealand
7 November 2008

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Executive Summary

New Zealand's geographic isolation and the economic benefits brought about through tourist and business passengers means air transport is important for New Zealand's economy and social links with the rest of the world. Aviation is also essential for domestic communications and plays a significant role in primary industry (agriculture and forestry) and tertiary industry (tourism). New Zealand also has a significant recreation aviation sector. Continued confidence in the safety and security of the civil aviation system is dependent on the CAA effectively managing the risks within the system. Failure to manage those risks could result in a loss of confidence in the safety and security of the aviation system and consequential negative economic impacts and social consequences (e.g., decline in peoples' willingness or ability to travel into, out of and within New Zealand).

New Zealand's civil aviation system operates on the principle that participants (e.g., pilots, airlines, etc) can only enter the system when they demonstrate they can fulfil the requirements of the NZ civil aviation rules, and operate safely. Once in the system, participants are responsible for their safety. The CAA monitors participants through regular audits and spot checks to ensure they are continuing to operate within the rules. The CAA targets its regulatory activities on those participants with the highest level of risk. Participants with medium or low risks are monitored less frequently. Where participants have deliberately or recklessly broken Civil Aviation Rules, the CAA may prosecute them.

In addition to its regulatory functions the CAA:

- (a) analyses and investigates accidents and occurrences to identify where it needs to take action to mitigate safety risks;
- (b) promotes safety using seminars, workshops, courses and publications;
- (c) administers the *Health and Safety in Employment Act 1992* with respect to aircraft in operation;
- (d) develops Civil Aviation Rules under a contract to the Ministry of Transport; and
- (e) has responsibility for a number of international agreements and arrangements.

The CAA is focusing on a number of important issues including:

- (a) implementing "safety management systems" which are expected to improve safety outcomes within the aviation community domestically and internationally;
- (b) working with the aviation community to implement Performance Based Navigation (PBN) and address environmental and fuel consumption issues;
- (c) implementing new core surveillance and certification systems;
- (d) reviewing the CAA's funding arrangements to achieve a more equitable and sustainable funding model;

- (e) working with the aviation community to facilitate training that helps participants enhance their knowledge & skills;
- (f) assisting the Pacific Aviation Safety Office to improve safety in the Pacific region and reduce demands on CAA resources; and
- (g) assisting government departments to address specific issues that involve aviation.

1. Introduction/purpose of the brief

The purpose of this briefing is to provide an overview of:

- (a) the aviation sector in New Zealand;
- (b) the Civil Aviation Authority (CAA); and
- (c) major safety and security issues facing the CAA and the civil aviation industry.

This brief does not cover the broader economic issues affecting the aviation sector, nor its economic and consumer protection regulation. (The CAA understands that these will be covered in the brief provided by the Ministry of Transport.)

The Aviation Security Service of the CAA has provided a separate brief on its operations.

Additional background information on the CAA and many of the issues covered in this brief can be found in the CAA's *Annual Report for 2007 – 2008*.

2. The aviation sector

A. Size and shape

Aviation makes a sizable contribution to the New Zealand economy through commerce, trade and tourism. As at 7 November 2008 there are 4335 aircraft and 9890 active pilots in New Zealand's aviation system. There are also 644 organisations that are certificated by the CAA. Each year 8.5 million passengers travel on main domestic routes, 3.7 million passengers travel on international airlines and \$13 billion of international airfreight (212,000 tonnes) is transported each year.

The aviation community can be divided into an **airline sector** operating large aircraft, and a **general aviation sector** made up smaller aircraft – usually those below 5700 kg or nine passenger seats. The airline sector is focused on scheduled regular public transport operations both internationally and domestically. The general aviation sector is made up of the traditional freight and passenger carrying services, agricultural operations and a growing sport and recreational community. There have been significant increases in the numbers of helicopters and sport & recreational aircraft on the New Zealand register in recent years. In part this has been due to the recent strength of the New Zealand dollar and in part because of advances in recreational aircraft technology.

New Zealand's domestic aviation operates in a demanding environment characterised by rugged terrain and a maritime climate. These factors pose a challenge to New Zealand's aviation safety outcomes. There is also a tendency in New Zealand for operators in the general aviation sector to use aircraft at the limits of their capability, particularly in the adventure aviation and agricultural sectors.

In New Zealand, the majority of flights are by large aeroplanes, (more than 30 passenger seats or a payload capacity of more than 3410 kgs), which account for around 96.2% of total seat hours. However, the majority of accidents occur in the general aviation sector. In the five years from 1 July 2003 to 30 June 2008, this sector generated 367 (98.1%) of the 374 accidents whereas only seven involved medium and large aeroplanes. In the same period, during which there were 66 fatalities, only five occurred on medium and large aeroplanes with the balance of 61 (92.4%) occurring in the general aviation sector.

The airline sector is most significant in terms of its contribution to the economy and it is important that the travelling public retains confidence in the safety and security of New Zealand's civil aviation. New Zealand's geographic isolation means that we are highly dependent on aviation for international travel and the economic benefits of tourism.

B. Safety performance

There were 76 aircraft accidents in the year to 30 June 2008. There were eight fatal accidents and 14 fatalities over the same period. The social cost for the year was calculated to be \$50.86 million¹.

¹ Social cost is defined as the cost of fatal, serious, and minor injuries, and aircraft destroyed, expressed in 2006 dollars.



3. Organisation and responsibilities of the CAA

A. Strategic Direction

As reflected in its current Statement of Intent, the CAA's vision is for the New Zealand civil aviation system to be integrated, safe, responsive and sustainable. This reflects the objectives of the New Zealand Transport Strategy.

The CAA has five strategic goals to guide its work in the period 2008 – 2011:

- Goal 1: Improve safety of critical aviation target groups
- Goal 2: Enhance the regulatory oversight of aviation participants
- Goal 3: Meet the CAA's international obligations
- Goal 4: Meet New Zealand Transport Strategy objectives
- Goal 5: Improve our organisational capability and governance

B. Organisation

The CAA is a Crown Entity established under the *Civil Aviation Act 1990*. Governance of the CAA is vested in the Authority, a five member 'Board' reporting directly to the Minister of Transport.

The Authority appoints a chief executive, the Director of Civil Aviation (the Director). In addition to this role, the Director has a number of independent statutory powers that authorise him to:

- (a) certificate and license aviation participants;
- (b) monitor aviation participants' compliance with civil aviation safety and security legislation and rules (through surveillance);
- (c) investigate and enforce the civil aviation rules; and
- (d) take action to remove unsafe products, organisations or individuals from the civil aviation system.

The Authority is responsible for the governance of the CAA as an organisation. It does not exercise any statutory powers for regulation.

In addition to the Director's independent statutory powers the CAA also provides:

- (a) policy advice and civil aviation rules development;
- (b) education and promotion of civil aviation rules, advisory circulars and other safety and security-related information;
- (c) investigation of civil aviation accidents and incidents together with analysis of trends; and

- (d) oversight administration of the *Health and Safety in Employment Act 1992* and the *Hazardous Substances and New Organisms Act 1996* on aircraft.

The Authority and the Director also exercise functions and powers delegated by the Minister of Transport such as the Crown's obligations as a contracting State to the International Civil Aviation Organisation.

The Director is supported by an Executive of six General Managers and the Chief Legal Counsel. Further information on the CAA's internal structure and the responsibilities of its constituent parts can be found in Appendix A.

The CAA is also responsible for establishing and maintaining the Aviation Security Service. While performed by the same legal entity, this service delivery function is managed separately from the CAA's regulatory functions. This arrangement involves the Director issuing a certificate for, and monitoring the performance of this aspect of the CAA's responsibilities. The Aviation Security Service has provided a separate brief in relation to its activities.

i. Location and Staff

The CAA has an established staff complement of 193 full time equivalents (FTEs), of which 175 positions are currently filled. With forecast industry growth the CAA is estimated to increase to 220 established FTEs over the next five years. Most staff are technical experts responsible for the certification and monitoring of aviation community participants and have generally come from careers in the aviation industry rather than the public sector. Many staff have a number of years of service – about 40% have been employed for more than six years. The organisation is undergoing a process of staff change, however, with about one third of the staff having been with the CAA for a year or less.

The CAA is Wellington-based with the majority of its staff working from Aviation House, a converted warehouse in Petone, Lower Hutt. A small number of staff work from premises in Auckland and Christchurch or from home in other centres (e.g., safety investigators and Aviation Safety Advisers) and report to managers in Wellington. The lease on the CAA's current premises expires in 2012. Given the premises are not purpose built office accommodation and are too small, the CAA has

[Withheld under section 9 (2)(b)(ii) of the Official Information Act 1982]

ii. Funding

The CAA is funded from four sources: levies, fees and charges, interest on deposits, and Crown funding. The bulk of the CAA's revenue comes from a levy on passengers. The CAA also receives revenue from fees and charges on aviation participants for licensing, certification, surveillance and monitoring activities. The CAA receives Crown funding for policy advice, rule development and administration of the Health and Safety in Employment Act for aircraft in operation. The following tables show a breakdown of the CAA's funding. The CAA is addressing the issue of sustainable funding (see Issues and Challenges below).

Output class	Outputs by output class	Source of funding
Policy advice	Reports to Parliament and the Minister, International relations obligations, South Pacific obligations, International safety and security agreements with other countries, and policy activities and programmes	Crown funded (through the Ministry of Transport under Vote Transport) at \$1.32 million annually since 2001/02 and increased to \$1.82 million from 2008/09 with the approved increase of \$500,000.
	Civil Aviation Rules development	Crown-funded as contract services to the Ministry of Transport at \$1.42 million annually since 2001/02.
Safety and security assessment and certification	Routine audits and inspections, spot checks, airworthiness directives, operator certification, aircraft certification, aircraft registration, personnel licensing, Part 109 regulated air cargo certification, Part 108 air operator security programme, general directions for consultation, and petitions for rule exemptions.	Direct fees and charges and levy funding
	Aviation community health and safety in employment	Crown funded (through the Department of Labour, Vote Labour, and funded from ACC levy) at \$440,000 annually since 2003/04.
Safety and security investigation, analysis and education	Investigation, analysis, information and education	Levy funded
Enforcement	Responses to regulatory breaches	Levy funded

Revenue by source	2008/09 Budget		2007/08 Actual	2006/07 Actual
	\$000	%	\$000	\$000
Aviation passenger safety levies*	22,926	73.86	22,274	20,589
Fees and charges	5,472	17.63	4,811	4,690
<ul style="list-style-type: none"> Rules development contract with the Ministry of Transport (Ministry contract revenue) 	1,418		1,419	1,417
Crown funding	2,260	7.28	1,761	1,761
<ul style="list-style-type: none"> Vote Transport (+\$500k in 2008/09) Vote Labour 	1,820 440		1,321 440	1,321 440
Interest	383	1.23	520	430
Total revenue	31,041	100.00%	29,366	27,470

*Note: It is unlikely that the revenue budget established for the 2008/09 financial year will be achieved. The global economic downturn will impact on passenger numbers. Specifically, recent Statistics NZ figures suggest a decrease in tourist numbers of 7%, with Tourism NZ predicting a tightening tourism market well into 2009. Volatility in the cost of aviation fuel has also impacted negatively on passenger numbers.

Revenue by output class	2008/09 Budget		2007/08 Actual	2006/07 Actual
	\$000	%	\$000	\$000
Output class 1: Policy advice	3,238	10.43	2,760	2,738
Output class 2: Safety and security assessment and certification	20,952	67.50	20,477	19,731
Output class 3: Safety and security investigation, analysis and education	5,065	16.32	4,846	4,227
Output class 4: Enforcement	1,403	4.52	1,283	774
<i>Interest</i>	383	1.23	<i>(incorporated in actual)</i>	
Total revenue	31,041	100.00	29,366	27,470

Expenditure by output class	2008/09 Budget		2007/08 Actual	2006/07 Actual
	\$000	%	\$000	\$000
Output class 1: Policy advice	4,178	13.30	3,249	3,348
Output class 2: Safety and security assessment and certification	21,053	67.06	18,512	19,542
Output class 3: Safety and security investigation, analysis and education	4,988	15.89	4,626	4,559
Output class 4: Enforcement	1,177	3.75	1,067	937
Total expenditure	31,396	100.00	27,454	28,386

C. Regulatory responsibilities

i. Method of regulation – the life-cycle approach

The Civil Aviation Act sets out a “life-cycle approach to regulating civil aviation”. The New Zealand civil aviation system is a closed system with its boundaries determined by the Civil Aviation Rules. The “life-cycle approach” has three stages: entry, operation or participation, and exit. Under this approach participants are the ones responsible for the safety of their operations. This approach is explained fully in Appendix B and the enclosed CAA publication *Civil Aviation in New Zealand: Shared Responsibility for Safety*².

This regulatory approach has been in use for 18 years and the associated rule system is extremely well regarded internationally.

The Director is also responsible for the enforcement of Civil Aviation Rules. Despite the number of prosecutions remaining fairly constant there is currently a perception in some parts of the aviation community that policies around enforcement have changed. Specifically, the industry is concerned that information reported for the purpose of accident investigation may also be used for enforcement purposes. The CAA will shortly be releasing a policy on the collection and use of safety information, and the use of its various regulatory powers that will address industry concerns.

The Director also takes an active approach to promoting aviation safety. The CAA publishes an aviation safety magazine every second month, produces a number of aviation safety booklets and runs safety seminars for participants.

ii. Civil Aviation Rules

Civil Aviation Rules are made by the Minister of Transport on the basis of a programme approved by Cabinet. They are the means by which standards are promulgated for the civil aviation sector. The CAA is responsible for developing the rules for the Minister under a contract with the Secretary for Transport.

The Civil Aviation Act prescribes that rules must be consistent with International Civil Aviation Organization (ICAO) standards to the extent that these have been adopted by New Zealand (see iii below). The Minister, in making rules, must also take into account a broad range of considerations including the recommended practices of ICAO, the level of risk pertaining to a particular activity, and the cost of implementing proposed measures. The Minister has also contracted with the CAA to consider the impact of the proposed rules on the objectives of the New Zealand Transport Strategy. The aviation industry provides input into the rule making process through various working groups. The CAA liaises with an industry consultative forum, the Aviation Community Advisory Group, on broader issues and priorities in the rule making programme.

A number of States have adopted the “New Zealand” rules as the basis of their own regulatory system. These include Samoa, Tonga, Vanuatu, Niue and Mongolia. Members

² Also available from the CAA website www.caa.govt.nz

of the Pacific Civil Aviation Safety and Security Treaty which establishes PASO (see iv below) have undertaken to bring their civil aviation rules in line with New Zealand's rules.

iii. International regulatory framework

Since aviation is a global industry and aircraft move easily across borders, the international regulatory framework is critical. New Zealand is a signatory to the 1944 International Convention on Civil Aviation (Chicago Convention) which establishes the International Civil Aviation Organization (ICAO). ICAO, a UN specialised agency with 190 member States, plays a significant role in establishing standards and recommended practices (SARPs) for the industry. The CAA regularly participates in ICAO meetings that develop ICAO SARPs and associated guidance material.

Through the Chicago Convention, New Zealand has an obligation to comply with ICAO's SARPs (unless it can justify that it finds it impracticable to do so). New Zealand has adopted a position that it should adopt ICAO SARPs for both the international and domestic aviation sectors as major safety risks would be created if different procedures were to apply.

ICAO also conducts audits of member States to assess their regulatory oversight systems and compliance with these SARPs.

New Zealand was audited under the Universal Safety Oversight Audit Programme in March 2006. Overall New Zealand received a very good result and scored well on all eight elements that were evaluated. The CAA has made good progress in addressing the 61 findings of the audit and, by 31 October 2008, had closed 47% of the proposed 138 corrective actions to address these findings.

New Zealand was also audited under the Universal Security Audit Programme in September 2006. ICAO made a follow-up visit for this audit in September 2008 and expressed its satisfaction at the CAA's progress with the corrective actions that address that audit's 27 findings.

iv. International safety agreements and arrangements

The CAA, in consultation with the Ministry of Transport and the Ministry of Foreign Affairs and Trade (MFAT), promotes safety agreements and arrangements with other countries for the purpose of reducing regulatory compliance costs for NZ operators providing aviation goods or services overseas or on behalf of overseas organisations. The CAA has concluded agreements or arrangements with:

- (a) Australia (Civil Aviation Safety Authority);
- (b) Canada (Transport Canada);
- (c) United States of America (Federal Aviation Administration); and
- (d) The European Aviation Safety Agency.

In addition the CAA has agreements or arrangements to provide technical advice and assistance with:

- (a) the Pacific Aviation Safety Office (PASO);
- (b) Tonga;
- (c) Cook Islands;
- (d) Niue;
- (e) Samoa; and
- (f) Mongolia.

v. Accident investigation

In New Zealand two organisations are responsible for the investigation of aviation accidents: (1) the Transport Accident Investigation Commission (TAIC); and (2) the CAA.

TAIC is responsible for the independent investigation of significant aviation accidents and incidents. The CAA investigates a variety of accidents and occurrences and makes recommendations to improve safety.

The lines of responsibility delineating which accidents each organisation is responsible for are not necessarily clearly understood by the aviation community, other government agencies, or the general public. The difference in roles of each organisation is further confused by the fact that TAIC's limited resources mean that it cannot investigate every accident. The CAA and TAIC have concluded a Memorandum of Understanding to help clarify the accident investigation responsibilities of each entity, sharing of resources when required, and management protocols between the two organisations.

In the aviation sector accidents are sufficiently rare that more valuable information can be gained by investigating precursors to accidents. Therefore this is where the CAA will be focusing its accident investigation capability. There is a possibility that in the future some serious or fatal accidents will not be investigated if TAIC declines to investigate them.

4. Issues and challenges

The CAA and the aviation industry are facing a number of issues and challenges. The key issues and challenges are summarised below.

A. Implementing safety management systems

Safety management systems (SMS) are a formal organisational framework to manage safety. Under an SMS, organisations will need to have systems for hazard identification and risk management, safety targets and reporting processes, procedures for audit, investigations, remedial actions, and safety education.

ICAO has been introducing SMS requirements for various operations through the SARPs. The CAA has adopted a policy of implementing SMS requirements for a wide range of certificated organisations in the civil aviation system. The SMS policy will be implemented through a series of amendments to the rules.

The development and implementation of these systems pose significant challenges for the aviation community, for safety regulatory authorities like the CAA, and for the relationship between the two. The introduction of SMS requirements into the rules will require a substantial amount of work from the CAA's rules and operational units. Some sectors of the aviation industry will also require significant changes to their operations.

In order to manage the changes the CAA has adopted a staged implementation plan that will see SMS rule development spread over several years ending with full compliance for all organisations by 2015. Training will also be provided to both CAA operational staff and through the CAA's education programme to increase the knowledge of SMS requirements in the rules and to provide support to the industry in its requirement to ensure compliance.

B. Performance based navigation

A significant technology change for the industry will be the introduction of Performance Based Navigation (PBN). PBN encompasses a shift from current ground-based navigation aids emitting signals to aircraft receivers, to 'in-aircraft' systems that receive satellite signals to advise the aircraft's position.

In early 2008, the Ministry of Transport and the CAA received representations from the aviation community for a coordinated approach toward the implementation of PBN. The CAA has established a new Airspace and Environmental Policy Unit which will be responsible for the preparation of new Airspace and Air Navigation Policy. The initial focus of the Unit will be the preparation of a national airspace and air navigation plan that will outline how New Zealand can gain the efficiency and environmental benefits that arise from PBN. The CAA may also be required to increase the number of technical staff to effectively monitor the implementation of PBN. To ensure proper input from all airspace users, the CAA plans to establish a new dedicated consultative forum to support this activity.

C. Environment and fuel consumption

Globally the issues of the environmental impact of aviation and the potential for cost saving through lower fuel consumption are major issues. ICAO, industry groups, aircraft manufacturers, governments and airlines are working together to reduce fuel consumption and CO₂ emissions.

One of government's priorities currently includes the reduction of CO₂ emissions by the transport sector. The airline sector is addressing the issues of fuel consumption and environmental concerns by:

- (a) Air NZ proposing test flights using bio-fuel;
- (b) the introduction of wide-bodied and more fuel-efficient aircraft such as Boeing's 787 Dreamliner; and
- (c) the introduction of more efficient navigation techniques.

The CAA will continue collaborative planning with aviation participants and other external stakeholders to better understand issues that affect technological changes which lead to better environmental outcomes. Continuous training of CAA technical staff to update knowledge on new aircraft and aerospace technology introduced in the New Zealand civil aviation system will also be required.

D. Surveillance and certification

In 1997 the Office of the Auditor General identified issues with the standard of the CAA's certification and surveillance functions. Two follow-up audits in 2000 and 2005 established that, while the CAA had made progress, there were still concerns with the certification and surveillance functions.

In 2004, the CAA launched two major projects: the Surveillance Review Project and the Risk Assessment and Intervention Project. The objective of these projects was to improve the efficiency and effectiveness of the surveillance process. A further project, the Certification Project, began in 2005 to improve processes for initial certifications and renewals. In February 2008, the software for the improved surveillance system was introduced.

In late 2008 or early 2009, the Office of the Auditor General will undertake a follow-up audit of the CAA. The purpose of the audit is to review the CAA's redeveloped certification and surveillance systems. The CAA is confident that the Auditor-General will be satisfied with the progress that the CAA has made.

E. Sustainable funding

The CAA is currently undertaking a review of its funding to ensure it can continue to meet the resourcing and capability required to provide an appropriate regulatory service in the future. This is also given the increasing pressure on CAA's financial resources that is forecast over the next few years.

The CAA has identified the following fiscal risks:

- (a) the forecast operating deficit for 2008/09 of \$355,000 is expected to grow as a consequence of a slowdown in the economy, reduced passenger numbers and increased costs associated with the CAA managing its various functions and obligations;
- (b) rising costs, making the CAA vulnerable to losing staff due it not being able to maintain competitive remuneration and being unable to maintain an appropriate level of regulatory oversight and associated functions; and
- (c) general price level increases borne by the CAA to meet its current and future requirements.

The CAA has initiated a review of its funding mechanisms which will make recommendations on more sustainable methods for funding the CAA over the longer term.

F. Pacific Aviation Safety Office

The Pacific Aviation Safety Office (PASO) is a regional safety oversight organisation using guidelines provided by the International Civil Aviation Organization. It is designed to provide aviation regulatory advice to 12 Pacific Island member States. New Zealand and Australia are also members of PASO.

PASO faces a number of challenges, the most critical being a sustainable funding base and sustained commitment from member States. As NZ's representative on the PASO Council the CAA is working with other donors to find financial solutions to ensure that the organisation does not fail. It is doing this in conjunction with Australia and the Asian Development Bank. The US has expressed some interest in providing support but has yet to advise how it would do so.

In the past Samoa, Cook Islands, Niue and Tonga have relied upon the CAA for all regulatory advice. The New Zealand government position is that these States should work with and through PASO now. To this end the CAA has signed a technical advice and support arrangement with PASO to support its operations. The CAA is winding down the previous arrangements with these states because such work has diverted scarce resources from New Zealand oversight and has been subsidised heavily by New Zealand aviation passengers. It will consider alternative mechanisms to support Pacific Island states should PASO not prove to be sustainable.

G. Other issues being managed

Laser pointers

The CAA is working with other government agencies to consider possible restrictions around the sale and use of certain high power laser products that have been increasingly used to target aircraft in recent months. It will be shortly releasing operational guidance for pilots in an Advisory Circular.

Unmanned aerial systems

The operation of pilotless aircraft has increased substantially worldwide. These are being used for a variety of duties including military operations, policing, traffic spotting, fisheries protection, pipeline survey, sports events film coverage, border patrol, agricultural operations, power line survey and aerial photography. The CAA has established a project

team to consider and develop a New Zealand position on the regulation and operation of unmanned aerial systems.

Growth in flight training

There has been a significant increase in flight training in New Zealand, largely due to an influx of Indian students. This is putting a strain on aviation infrastructure in some parts of the country. The CAA is working with all stakeholders to ensure levels of safety are not compromised.

Shortage of senior pilots for commercial operations

The recruitment of senior pilots into more lucrative positions overseas or into high paid jobs within New Zealand means some small operators have been experiencing difficulty in maintaining satisfactory experience standards, especially for Chief Pilot appointments. To help address this issue the CAA has been conducting training workshops for “Senior Persons” at a wide range of aviation organisations across New Zealand. The downturn in the economy has reduced pilot attrition over the past six months for operators of medium and large aircraft. The trend for operators of smaller aircraft is being monitored.

Agricultural aircraft safety review

The agricultural aircraft sector has been characterised by a number of accidents and generally poor safety performance. Its fleet comprises a number of aging airframes that have been re-engined. The CAA will shortly release the results of a comprehensive review into its safety.

Adventure aviation

Over the last two decades, the use of sport and recreational aircraft for the carriage of passengers for hire or reward has increased significantly. With the evolution of the use of such aircraft from recreation to commercial operations, the CAA is introducing a new regulatory regime to protect the air safety of adventure aviation consumers.

Air NZ – Project Kingfisher

The CAA is monitoring the domestic self check-in facility (Project Kingfisher) that Air New Zealand is currently deploying in Auckland, Wellington and Christchurch to ensure it meets the baggage security requirements of the security rules.

Legal Information Bulletin 4 – Who is a crew member?

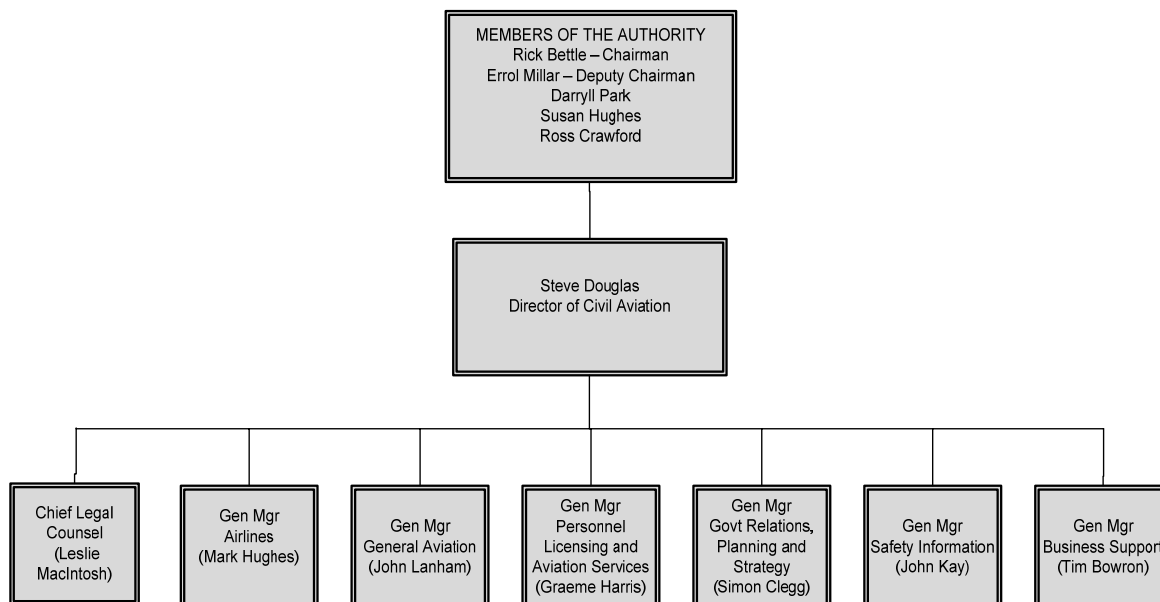
The CAA recently consulted industry on a draft Legal Information Bulletin 4. This Bulletin sets out the CAA’s legal interpretation of the terms “crew member” and “commercial transport operation” in the Civil Aviation Rules. This consultation has revealed that many industry participants have been treating many individuals as members of an aircraft’s crew when they should be treated as passengers.

5. Contacts for additional information

John Kay , Acting Director of Civil Aviation	[Withheld under section 9 (2)(a) of the Official Information Act 1982]
Simon Clegg , General Manager, Government Relations, Planning and Strategy	

Appendix A

Organisational structure



CAA Groups – summary of their responsibilities

Airlines	Responsible for all aircraft operations of 10 passenger seats/5700 kg or greater and the maintenance and manufacture of all aircraft.
General Aviation	Responsible for all aircraft operations less than nine passenger seats/5700 kg, all helicopter operations, agricultural aviation and the regulation of all sport and recreation aviation including adventure aviation (balloons, gliders skydiving etc).
Personnel Licensing and Aviation Services	Responsible for all individual licences (e.g., pilot licences, aircraft engineers, air traffic controllers), all aerodromes/airports, air traffic control and air navigation operations, airspace designation, HSE Act on aircraft and aviation security.
Safety Information	Responsible for collecting and analysing safety data, investigating aircraft accidents and incidents, initiates enforcement action (prosecutions, infringement notices, etc), provides safety promotion materials and manages the organisation's interaction with the media.
Government Relations, Planning and Strategy	Develops new Civil Aviation Rules, provides advice on policy issues, manages the relationship with other government agencies, manages international relations, leads the organisation's strategy and monitors its performance.
Business Support	Supports the organisation through the provision of advice and services on information technology, information management, finance, human resources and general administration, and provides internal audit and quality assurance functions.
Legal	Provides legal advice.

Appendix B

Life-cycle approach to civil aviation regulation

The Civil Aviation Act sets out a “life-cycle approach to regulating civil aviation”. The New Zealand civil aviation system is a closed system with its boundaries determined by established Civil Aviation Rules. The “life-cycle approach” has three stages: entry, operation or participation, and exit.

Under the life-cycle approach, aviation participants enter the civil aviation system when they have met the minimum standards and are issued with the relevant aviation document(s) by the Director.

While in the system, aviation participants must continue to operate in compliance with civil aviation standards and conditions of their documents. The Director conducts functional supervision of participants operating in the civil aviation system through various tools of surveillance (e.g., routine audits and inspections, spot checks and special purpose audits). The Director checks the participant’s adherence to civil aviation rules and standards, and identifies any corrective actions necessary to bring their performance to the required standards. The Director and participant agree on specific implementation dates for corrective actions. Failing to implement corrective actions invokes firm regulatory action from the Director.

When a document holder’s performance falls below the standard, the Director seeks compliance in regaining the required level of performance. The Director identifies areas of non-compliance via findings from its audits and inspections, and a return to an acceptable level of performance is managed through corrective actions and follow-up.

Aviation participants exit the civil aviation system, either voluntarily by surrendering their aviation document(s) or the Director’s decision to suspend or revoke the document(s). The Director takes exit actions in the interests of safety and security when other regulatory tools have failed or are unacceptable.

The life cycle approach can be summarised in the following diagram:

