

New charges have been released – in summary:

- \$14.1m of additional funding to CAA over next three years all to be recovered from Industry
- International airline pax will pay around 50-70 cents more than present to fund CAA
- Domestic pax will pay around 3-5 cents less
- All companies will pay more for audits – the hourly charge goes up in a series of annual changes from \$133 to \$284 per hour
- New fees for the medical unit of \$315 per filing
- Effective date 1 November 2012

In general the Industry reaction has been muted because of the long period of time since the last major adjustments (1997) and a view that some increases in audit charges were justified.

However, driving a substantial portion of the industry wide increase of the \$14m is the increase in accommodation costs which we believe represent around \$6m of the \$14m. Industry was not consulted regarding the shift and while not opposing a Wellington location the view is that the building housing CAA is at the top of the rental range and CAA should exit – effectively industry doesn't like paying a \$2m tax to ensure top of the market rental accommodation. This matter is going to have to be addressed and this point needs to be made to the Board.

The most controversial increase is the medical filing charge on pilots. To run CAA's medical unit costs around \$2.5m pa – instead of the passenger paying for this the charge is now directly on the pilot.

We understand that LTSA operate a similar medical filing system as CAA (doctors plus administration), however, the charge is around \$12 per transaction because the administration is highly automated – there may also be some volume/scale benefits as well. Pilots are being required to pay \$315 for essentially the same service. Essentially this is an "inefficiency charge". NZALPA was not consulted over the change and in our view has a right to complain to the Regulations Review Committee. AIA was fully consulted and took the view that the charge was acceptable provided there was a deadline on its removal. We will be seeking such a commitment from CAA or alternatively have the deadline imposed via Regulation.