

S-I225-04 13/OIR/0070 (DW1255405-0)

29 November 2012

Irene King
Aviation Industry Association of NZ (Inc)
PO Box 2096
WELLINGTON 6140

Dear Ms King

Your Request for Information

I refer to your request for information to the Ministry of Transport (“the Ministry”), dated 29 October 2012, about civil aviation fees and charges.

As you will be aware the Ministry transferred part of your request to the CAA for reply.

The part of your request transferred was your request for “*communications and minutes of the Steering Committee which oversaw the review of Changes*”.

The CAA has identified a small amount of information falling within the scope of your request. All information identified as falling within the scope of your request has been disclosed.

The CAA has however made one small redaction to one document disclosed to you. The information redacted is commercially sensitive information. This information has been withheld from you pursuant to section 9(2)(b) of the Official Information Act 1982 as disclosure of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

We have identified no countervailing public interest consideration(s) that renders disclosure of that information as desirable.

If you are not satisfied with the CAA’s response to your request you are entitled to complain to the Office of the Ombudsmen to seek an investigation and review of my decision.’

I trust that the information provided meets your request. The file relating to your request will now be disclosed.

Yours sincerely



Sam Jennings
Solicitor

CAA Funding Review

Steering Group Meeting Notes

13 April 2012 February 2012, 1400 – 1500pm, CAA Offices

Present

Participant	Organisation
• Nigel Gould	CAA – Chairman
• Martin Matthews	Secretary for Transport
• Graeme Harris	CAA
• Chris Gould	Martin Jenkins and Assoc.
• Henley McKegg	Treasury
• Helen Hanify	GM Policy & External Relations
• Peter Lechner	CAA

Note that the following meeting notes were compiled in November 2012 from very brief handwritten notes taken during the meeting and from email setting up the meeting.

Notes

Item	Subject	Action/Required
1	Minutes from last Meeting	• n/a
	Project Governance	
2	Meeting Background	<p>The meeting objective was to discuss the 'pitch' of the Funding Review Business Case to ensure that it is on an acceptable track.</p> <ul style="list-style-type: none"> • To date the advice of the Steering Group from previous meetings had been woven into the Funding Review Business Case, in particular the Executive Summary which was provided for background information - this material formed the basis of the pitch and consequential discussion at the meeting. • In parallel to this process the CAA is continuing to attend to the funding modelling to ensure best interrelation with the pending routine budget projections based on the current SOI and year to date outcomes and various other new settings that have recently been identified. At this stage CAA expects the level of fees, charges and levies to decrease slightly but not materially from the draft projections that have previously been seen. Once the final projections are on hand, the body of the Funding Review Business Case will be finalised including the projected P&L and Cash Flow. The outcome of Friday's with the Minister meeting will also be reflected as required. • It is then CAA's intention to pass the complete CAA Funding Review Business Case back to the Steering Group for consideration. It may be that a brief meeting or conversation will be needed between CAA/MoT/Treasury at that stage before MoT completes its briefing for the Minister (ahead of a meeting with the Minister tentatively scheduled for 24 April 2012).
4	Discussion	• A number of structural and content changes were recommended in the

		<p>Funding Review Report/Recommendations document:</p> <ul style="list-style-type: none"> o Reference to the <i>Connecting New Zealand</i> document should be made in the overall rationale. o Further emphasise the economic development aspect of the CAA technical activities. o Value for Money explanatory material needs to move forward in the text. o Need to use examples where possible of how aviation operations may be enhanced. o A chart of sector benefit would be useful. o Needed to ensure that the reader is clear on what the value is. o Continue to proceed with recommendation of Option 2 with more safety, economic and effectiveness breakdown if possible. <ul style="list-style-type: none"> • The meeting noted that: <ul style="list-style-type: none"> o Good progress was being made but extra effort was recommended to ensure completion of documentation within the timeframe. o Doing nothing is still not an option. o Government has already contributed to the CAA change process and created a level of buffer. o Others have been paying for general aviation benefits for too long. o Juxtaposition of proposed Medical Application Fee with continuing life-time licenses (one-off initial fee) – compared to other jurisdictions. o Outline of who was consulted and when, was needed as appendices (actually covered in the RIS). • For meeting with Minister <ul style="list-style-type: none"> o A set of Q+A format information would be needed. Economic example could include Flight Interiors (Air NZ) case. o Needed on 17th? • Process: <ul style="list-style-type: none"> o Noted the Funding Review Business Case document would be completed mid following week. o Edits etc required by 18th then to MoT by end of business. o Estimated at Minister's Office 20th. • Checks needed (Nigel): <ul style="list-style-type: none"> • Check model on treatment of June – September 2012 period • Check animalisation of chargeable hours.
	General Business	
5	Any other business	<ul style="list-style-type: none"> • No further Steering Group meeting contemplated.

CAA Funding Review

Steering Group Meeting Summary

24 February 2012, 1000-1200, CAA Offices

Present

Participant	Organisation
• Chris Gould (Project Manager)	Martin Jenkins and Assoc.
• Martin Matthews	Secretary for Transport
• David Taylor	Treasury
• Helen Hanify	GM Policy & External Relations
• Tim Bowron	GM Business Support, CAA
• Peter Lechner (Scribe)	CAA

Apologies	Organisation
• Nigel Gould	CAA – Chairman
• Steve Douglas (Chair)	DCA CAA
• Graeme Harris	COO CAA
• Mark Hughes	GM Airlines, CAA
• Mick Allen	Finance Contractor, CAA

Summary

Item	Subject	Action Required
1	Minutes from last Meeting	<ul style="list-style-type: none"> • n/a
2	Meeting	<p>Purpose:</p> <ul style="list-style-type: none"> • Recap on purposes intended for the funding business case • Key messages to be incorporated in the documents from the Steering Group • Areas for further work <p>Documents Provided:</p> <ul style="list-style-type: none"> • Draft CAA Funding Review Business Case working 22 February 2012
4	Discussion	<p>Suggested that the meeting should cover CAPEX, Personnel, Passenger Numbers, what they get for the money- agreed.</p> <p><u>NO CAPEX</u></p> <p>Martin suggested that though should be given to:</p> <ul style="list-style-type: none"> • Nature of funding capital requirements – debt financing for example or some kind of finance lease. • This would spread the cost thinner over a greater period (the life of the capital item – eg ASMS) • The fit-out loan could equally be changed with write-off over its life. • Noted the possibility of another capital shift from Avsec. • Needed to make sure that the aviation sector only paid once for capital items through any debt (cheaper) or equity funded options. • Fee payers should be contributing to asset costs. • Level of cash reserves could be reduced ensuring adequate cash requirement and knowing Crown would effectively self-insure against the big events (Rena equivalent).

		<ul style="list-style-type: none"> • Noted the Crown can essentially provide cash overnight. • Noted the \$7.5 million injection needed to be made clear and explicit in the Cabinet memo as part of the overall change package. <p>2. Personnel</p> <ul style="list-style-type: none"> • Martin noted the CAA appears to be counting staff on the basis of unfilled current vacancies plus new positions and that there could be areas of economy in this treatment – another area where the CAA needed to show it was applying the torch. • Tim noted that the personnel issue was currently subject of work and review. • Martin suggested that more visible stretch was needed – asking for less than probably needed and finding the remainder in internet efficiencies and savings. • Chris noted the ongoing work on making the reconciliation of differences clear. <p>3. Passenger Numbers</p> <ul style="list-style-type: none"> • Meeting noted [REDACTED] • Parties agreed that care was needed with such projections and that a lesser expectation form the basis of CAA levy projections. <p>4. What will they Get?</p> <ul style="list-style-type: none"> • The concept of being clear as to what the Minister and the public will get for the increased expenditure was taken on board and drafting with that in mind continued. • Importantly, David noted that the CAA also needs to be clear about the consequences of not implement the CAA changes.
5	Any other business	<ul style="list-style-type: none"> • Next Steering Group meeting: • 2 March 2012 1000am – 1230 pm

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CAA Funding Review

Steering Group Meeting Summary

10 February 2012, 1400 – 1610pm, CAA Offices

Present

Participant	Organisation
• Steve Douglas (Chair)	DCA CAA
• Nigel Gould	CAA – Chairman
• Chris Gould (Project Manager)	Martin Jenkins and Assoc.
• Graeme Harris	COO CAA
• Martin Matthews	Secretary for Transport
• Henley McKegg	Treasury
• Helen Hanify	GM Policy & External Relations
• Tim Bowron	GM Business Support, CAA
• Mick Allen	Finance Contractor, CAA
• Peter Lechner (Scribe)	CAA

Apologies	Organisation
• Mark Hughes	GM Airlines, CAA

Summary

Item	Subject	Action Required
1	Minutes from last Meeting	<ul style="list-style-type: none"> n/a
	Project Governance	
2	Meeting	<p>Purpose</p> <ul style="list-style-type: none"> Recap on purposes intended for the funding business case Key messages to be incorporated in the documents from the Steering Group Areas for further work <p>Documents Provided:</p> <ul style="list-style-type: none"> Draft CAA Funding Review Business Case working 08 February 2012 Draft RIS 26 January 2012 Financials proposed Option 3 February 2012
4	Discussion	<p>Martin</p> <ul style="list-style-type: none"> Emphasised that the the do nothing option was not viable Accepted CAA sensitivity to global environment The Business Case needed to demonstrate stretch and efficiencies while hold a blow-torch to the numbers. The start of the funding argument needed to be embedded in the explanation of the current situation and the difference between the SOI option and the proposed changes. The financial narrative needed to discuss reserves, cash flow requirements, and any possible stretch in economies that was possible. Noted that capital expenses like ASMS would normally be funded from depreciation (but that there was no depreciation account in the CAA). Timing of capital acquisitions needed careful thought.

		<ul style="list-style-type: none"> • MoT to work in parallel with CAA. • Suggested examples of market rates for particular jobs would be useful. <p>Nigel</p> <ul style="list-style-type: none"> • The pricing regime would be fixed for the 3 years and therefore did not have any dynamic elasticity. • Clearly more money from the sector was the focus and less from government. • Noted the quantum of the funding /expenditure changes was not large and that in many respects was mitigating the governments' lack of funding. • Supported a base case methodology suggested by Martin, noting the expenditures were a series of marginal shifts from the FY2009 situation, including cost increases (\$32-\$39m over the period of 4 years). • Question was where on the spectrum the middle case should be described. • Noted activity levels were a major contributor to the increased expenditures. <p>Henley</p> <ul style="list-style-type: none"> • Document needed to be clear about the history of the situation and why the process had not be initiated sooner. • The strategic case needed to be apparent very early in the document – probably before the financial case – what the CAA needs do then what money it needs to do it. • Needed to show graphically for each option: <ul style="list-style-type: none"> ○ The financial situation and options ○ Legal characteristics ○ Outcome potential <p>Steve</p> <ul style="list-style-type: none"> • Noted that the CAA had a clear responsibility to implement user-pays systems. • There was a mix of capital projects with respective funding needs.
	General Business	
5	Any other business	<ul style="list-style-type: none"> • Next Steering Group meeting: • 24 February 2012, 1030am - 1230 pm

CAA Funding Review

Steering Group Meeting Summary

31 January 2012, 1030am – 1210pm, CAA Offices

Present

Participant	Organisation
• Steve Douglas (Chair)	DCA CAA
• Nigel Gould	CAA – Chairman
• Chris Gould (Project Manager)	Martin Jenkins and Assoc.
• Martin Matthews	Secretary for Transport
• Henley McKegg	Treasury
• Tim Bowron	GM Business Support, CAA
• Helen Hanify	GM Policy & External Relations
• Mick Allen	Finance Contralor, CAA
• Graeme Harris	COO CAA
• Peter Lechner (Scribe)	CAA

Apologies	Organisation
• Mark Hughes	GM Airlines, CAA

Summary

Item	Subject	Action Required
1	Minutes from last Meeting	• n/a
2	Project Governance Meeting	<p>Purpose</p> <ul style="list-style-type: none"> Recap on purposes intended for the funding business case and RIS Key messages Overview of the three main options in the business case Overview of funding options Areas for further work <p>Documents Provided:</p> <ul style="list-style-type: none"> Martin Jenkins Notes dated 31 January 2012 Draft CAA Funding Review Business Case working 27 January 2012 Draft RIS 26 January 2012 Proposed Oplon Financial projections 31 January 2012
3	Introductory Remarks	<ul style="list-style-type: none"> Chris introduced the areas that needed attention by the group and noted that the focus had now moved to the expenditure requirement related to the revenue requirement and the funding regime issues needed to underpin those changes. Nigel underscored the pressing need to address CAA's funding requirements a part of which is a function of the user-pays regime and the impact of successive years of operating at a loss. He noted that the latter, in the absence of any funding changes, would require significant annual government injection.

		<ul style="list-style-type: none"> • Martin raised the MoT's unease around the quantum of funding changes at around a 28% increase on current funding levels. He noted that this change factor did not sit well in an environment of government retrenchment.
4	Discussion	<p>Chris presented the main expenditure options from his paper. And the meeting noted:</p> <ul style="list-style-type: none"> • The SOI Base Case option needed to be based on the expenditure, not revenue, numbers contained in the current SOI? • The SOI Base Case option expenditure number for FY2015 was an estimate (as FY2015 was not included in the SOI) taken from the April paper to the Minister. • Martin noted that he thought the <i>No Change to Funding</i> option was unacceptable but needed clear explanation. <p>General discussion around the theme and approach of the Funding Review Business Case yielded:</p> <ul style="list-style-type: none"> • Nigel – The CAA aims in the changes reflected the Connecting New Zealand objectives, removing barriers to progress and development. • Martin – There was an underlying cash requirement that could be ameliorated through: <ul style="list-style-type: none"> o Letter of comfort from government thereby allowing a reduction in the reserves o The roll-over, re-financing or forgiving of the lit-out loan. • Henley – the papers needed to be crisply demarcated between strategic and financial matters. The latter being the place where the alternative income regime exploration is discussed in terms of what is being purchased. The former where important issues such as the international obligations should be well explained. • Nigel – sector endorsement of the proposed changes was needed in the Business Case – hopefully with direct attribution to Air NZ, BARNZ and AIA. • Martin – the benefits explanation need to be core material. <p>With respect to the interaction with the Minister:</p> <ul style="list-style-type: none"> • Martin noted that the Minister did not have anything like the familiarity with the aviation sector the previous Minister had and that the <i>No Further Funding</i> option had to clearly and crisply explain the negative consequences. • Martin suggested that a 2 minute business case was needed to quickly capture support from the Minister and others. • Nigel noted that the Funding Business Case document needed to be as short as possible – including the 2 minute case and a crisp Executive Summary. <p>Agreed:</p> <ul style="list-style-type: none"> • Review all papers in light of the discussion for further review by the Steering Group. • Compile the 2 minute Business Case for the Chairman in the first instance and then for the Steering Group.
	General Business	
5	Any other business	<ul style="list-style-type: none"> • Next Steering Group meeting: • 10 February 2012 2-4 pm. • 24 February 2012 10.30 – 12.30

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CAA Funding Review

Steering Group Meeting

25 November 2011

Item	Subject	Action Required
1	Minutes from last meeting	Approve
2	Actions arising from last meeting	Note
	Project Governance	
3	Project plan	Sign
4	Project Manager's status report	Note
5	Risk register	Note/modify
	Papers	
6	Funding options and numbers to be tabled at the meeting	Discuss & Note
	Other Business	
7	Any other business	Discuss

Next Steering Group meeting: 10.30 – 12.30, 9 December @ CAA

CAA Funding Review

Steering Group Meeting Summary

25 November 2011, 1030am – 1230pm, CAA Offices

Present

Participant	Organisation
• Steve Douglas (Chair)	DCA CAA
• Nigel Gould	CAA – Chairman
• Chris Gould (Project Manager)	Martin Jenkins and Assoc.
• Martin Matthews	Secretary for Transport
• David Taylor	Treasury
• Tim Bowron	GM Business Support, CAA
• Mick Allen	Finance Contractor, CAA
• Helen Hanify	Acting Manager, Policy and External relations (Acting)
• Peter Lechner (Scribe)	CAA

Apologies	Organisation
• Mark Hughes	GM Airlines, CAA

Summary

Item	Subject	Action Required
1	Minutes from last Meeting	<ul style="list-style-type: none"> Minutes from Meeting of 14 November 2011 – agreed.
2	Matters Arising	<p>Action: CAA to plan on the basis that there will be a 3% cut to rules funding notwithstanding Martin's point about wanting to prioritise across the rules programme.</p> <ul style="list-style-type: none"> The 3% change has been incorporated in the modelling as a one-off decrease. Discussions between CAA and MoT are in progress regarding the definition and reconciliation of "policy" work. <p>Action: Chris to amend Context Section of Project Plan.</p> <ul style="list-style-type: none"> Project Plan amended. <p>Action: Chris to schedule weekly meetings with Bill Ogier.</p> <ul style="list-style-type: none"> Meetings scheduled for 0900 Thursdays between CAA and MoT project teams. <p>Action: Steve / Nigel to book meeting with Minister.</p> <ul style="list-style-type: none"> Meeting with Minister to be scheduled after the General Election. <p>Action: Chris to seek meetings with agencies as soon as practicable.</p> <ul style="list-style-type: none"> To be progressed week of 28 November 2011. <p>Action: Chris to liaise with Tim to confirm internal CAA resource requirements and with Bill to confirm MoT input</p> <ul style="list-style-type: none"> MoT resource requirements not required to be noted in project plan Chris to liaise with Peter to assess CAA resource requirements

		<p>Action: Chris and Peter to review communications planning with CAA's Emma Peel and document.</p> <ul style="list-style-type: none"> To be progressed week of 28 November 2011. <p>Other: Martin noted that there is some ambiguity regarding the status of the \$7.5 million "transfer" and suggested there is a need to raise with the incoming Minister.</p>
	Project Governance	
3	Project Plan	<ul style="list-style-type: none"> Project Plan amended and signed by each of the Steering Group Members.
4	Project Manager Report	<ul style="list-style-type: none"> Tabled – dated 23 November 2011 <p>Noted:</p> <ol style="list-style-type: none"> AIA wants to see full cost options before determining the case for any phasing AIA Expects full consultation on any materially different proposals Remainder of SRG accept their role in representing the sector and that it should cover any limited consultation needed on changes. <p>Action: CAA to check legal parameters on the need for consultation.</p> <ol style="list-style-type: none"> Recent meeting with Authority supporting the current options. Project manager noted there is an emerging coalescence of views regarding funding options between the Authority (and wider CAA), SRG and Steering Group. List of current issues and risks accepted. List of activities accepted. <ul style="list-style-type: none"> RIS work progressing – Graham Boxall is updating earlier work. Further refinement of RIS content requirement to be discussed between Chris and MoT (through Bill). Funding paper work progressing – Peter Lechner. Modelling work progressing – Mick Allen Some slippage noted – reported controllable.
5	Risk register	<ul style="list-style-type: none"> Tabled – dated 23 November 2011. Mitigation changes noted. Items 6 and 7 nearing closure.
	Papers	
6	Funding options update	<ul style="list-style-type: none"> Funding Review Pricing Model – Proposed – spreadsheet tabled dated 24 November 2011. General overview of document provided by Mick. The meeting discussed the need: <ul style="list-style-type: none"> for an extra column of FY2014/15 revenue financials for the preferred capability scenario (from the 2010 Consultation document) to assist with comparison for an extra column in the revenue spreadsheet to indicate expected 2011/12 revenues from charges, fees and levies to explain the differences in aggregate numbers between the three funding scenarios based so that there is clarity as to: <ul style="list-style-type: none"> The link between the preferred capability scenario (Oct 2010) and the current year The impact of the change programme The impact of other cost changes

		<ul style="list-style-type: none"> • David reiterated the need for a very clear story around the change programme development since last year and for that story to be clearly evident in the changed revenue numbers. • Martin noted the possible use of standard charges based on model targets rather than a pure cost basis. He also noted the possible use of productivity expectations in this regard. • Noted the group's view that the medical charges should be set within the gross fixed charges envelope denoted in the 2010 Consultation Documents. • Mick indicated some unresolved issues with the model including, in particular, in relation to the hourly charge. Further work is being undertaken on the model to address this. • Discussion of possible concerns with aspects of the preliminary numbers. For example, hourly charge rate has increased (by 26%) and the revenue from hourly charges has increased proportionately more (by 41%) implying that not only are customers being charged more, they are also being more heavily scrutinised which does not seem consistent with delivering greater efficiency and effectiveness. <p>Actions:</p> <ul style="list-style-type: none"> • Further work on the financial model • CAA to investigate the possibility of setting a maximum levy for each year and having the ability to strike a rate below that stipulated in each year.
General Business		
5	Any other business	<ul style="list-style-type: none"> • Discussion around timing of next Steering Group and SRG meetings. Following the close of the meeting, it was agreed with Steve and Nigel that • the CAA would seek to postpone the SRG meeting (scheduled for 1 December) until after the Authority meeting which is scheduled for 6 December • invite the members of the Steering Group to meet with the Authority at the 6 December meeting (a joint meeting)

CAA Funding Review

Steering Group Meeting

14 November 2011

Item	Subject	Action Required
1	Draft project plan <ul style="list-style-type: none"> • Terms of reference • Governance and management • Work plan • Resources & budget • Risk register • Communications • Sign off 	Approve
	Project Governance	
2	Project Manager's status report	Note
3	Risk register	Note/modify
	Papers	
4	Funding options update	Discuss & Note
	General Business	
5	Any other business	Discuss

Next Steering Group meeting: 10.30 – 12.30, 25 November @ CAA

CAA Funding Review

Steering Group Meeting Summary

14 November 2011, 0930 – 1145am, CAA Offices

Present

Participant	Organisation
• Steve Douglas (Chair)	DCA CAA
• Nigel Gould	CAA – Chairman
• Chris Gould (Project Manager)	Martin Jenkins and Assoc.
• Martin Matthews	Secretary for Transport
• David Taylor	Treasury
• Mark Hughes	GM Airlines, CAA
• Tim Bowron	GM Business Support, CAA
• Peter Lechner (Scribe)	CAA

Summary

Item	Subject	Action Required
1	<p>Draft project plan</p> <ol style="list-style-type: none"> 1. Terms of reference 2. Governance and management 3. Work plan 4. Resources & budget 5. Risk register 6. Communications 7. Sign off 	<p>0. Context</p> <ul style="list-style-type: none"> • Nigel noted the issue currently being addressed on the matter of the Crown funding of policy advice and the Treasury definition being applied. • Martin set out that the Government was seeking greater clarity on exactly what it was purchasing but was not expecting any cut in the appropriation for policy advice per se. The meeting did note, however, the potential cut to the Rules contract income of 3% should the MoT not be able to absorb this in its management of the modal rules programmes. <p>Action: CAA to plan on the basis that there will be a 3% cut to rules funding notwithstanding Martin's point about wanting to prioritise across the rules programme.</p> <ul style="list-style-type: none"> • The meeting noted that the project plan document needed to be amended to show the visibility of the issue and the potential to affect levy rates. <p>Action; Chris to amend Context Section of Project Plan.</p> <ul style="list-style-type: none"> • (The meeting discussed a number of matters surrounding the expected source of capital funding) <p>1. Terms of reference</p> <ul style="list-style-type: none"> • David noted the funding recommendations need a strong story on the genesis of the current situation and the way forward. In doing so the story needs to clearly illustrate the gains to be made from the CAA change programme as well as the risks if increased funding is not approved • Martin noted that the increased funding process was a critical element for which strong stakeholder support was pivotal. This will need to be achieved through high quality argument in both the socialisation of the options and the documentation around the recommendations. The meeting also agreed that funding proposals needed to conform with relevant principles and objectives as set out in the draft terms of reference. • The meeting noted that clear discussion of risks and mitigation

was needed in the Cabinet documents.

2. Governance and Management

- Martin confirmed that Bill Ogier at the MoT would take point for co-ordination MoT involvement with and contribution to the Funding Review. He noted an expectation that there would be weekly meetings with Bill to ensure close co-ordination of efforts – the expectation is that both the CAA and MoT will be able to work in parallel in many areas.

Action; Chris to schedule weekly meetings with Bill Ogier.

- The meeting noted that one of its key responsibilities was to ensure all issues are shared and the characteristics of those issues well understood.
- Steve noted that Simon Clegg would be replaced by Helen Hanify on the Steering Group.

3. Work Plan

- The meeting noted that the bulk of the requisite documentation will need to be completed before the end of the year with government agency sign-offs and OEGI processes being initiated early 2012.
- Martin suggested that it would be wise to brief Minister Joyce or any new Minister as soon as possible after the election. Any such briefing would need to be accompanied by a customised one-page summary.

Action; Steve / Nigel to book meeting with Minister.

- The squeeze on the time available to have discussions with interested agencies (MED, Tourism, Agriculture etc) was noted.

Action; Chris to seek meetings with agencies as soon as practicable.

4. Resources & Budget

- The meeting noted that more detail on the internal resources needed by CAA and MoT would be useful.
- Martin Jenkins costs could be removed.

Action

- Chris to liaise with Tim to confirm internal CAA resource requirements and with Bill to confirm MoT input

5. Risk Register

- The meeting noted that items 4 and 5 on the register could be more risky than assessed given the time pressure on the project but agreed to leave the risk assessment as is for the time being.
- The meeting noted also that the risk level given to item 3 is expected to reduce as the project progresses.

6. Communications

- The meeting noted that the planned SRG meetings were a major feature of any communications strategy – other meetings with the SRG should be pursued if necessary.
- It was agreed that such SRG meetings needed to underscore the fact that the changes presently being proposed are a large step change and that future triennial reviews and changes will be of much lesser magnitude.
- The meeting noted the possibility of holding a few special briefings with the aviation sector, the need for ongoing CAA web site information on the progress of the review, good internal

		<p>communications and possible Vector magazine articles. Action: Chris and Peter to review communications planning with CAA's Emma Peel and document.</p> <p>7. Sign off Action: Chris to make requested changes to the document and pass to members for email acceptance – to be recorded at next meeting.</p>
	Project Governance	
2	Project Manager's status report	<ul style="list-style-type: none"> • Chris tabled the Project Manager Report, noting the first sub-bullet in the current issues and actions needed addressing – the transfer of \$7.5m from Avsec to CAA. <ul style="list-style-type: none"> ○ Nigel noted that the monies were a permanent transfer and fixed contribution as set out in the CAA SOI (FY2011/12) and as such no repayment was necessary. ○ Martin noted that the use of the monies within the wider Authority was a straight-forward method to make use of a strong cash equity situation. ○ David would confirm the Treasury view in due course but expected it not to be dissimilar. • With regard to sub bullet #3, the meeting noted that there was paper currently being prepared by the CAA that will steer financial considerations regarding the review of policy and regulatory systems. • With regard to sub bullet #4, the meeting noted that the CAA will need to make a call on the timing of major investments, reflecting the rationale and financial implications in the proposal documents. • Chris reported that while there was some marginal slippage in the project, no extra action was needed at this stage.
3	Risk register	See item 5 in Agenda item 1 above
	Papers	
4	Funding options update	<ul style="list-style-type: none"> • Fuel levy - meeting agreed that insufficient information was available to take this matter further, especially considering the negative consultation feedback. Noted that the matter may be revisited in latter funding review cycles. • Passenger levies – meeting agreed to the concept of a common rate between domestic and international. <ul style="list-style-type: none"> ○ Noted that there was scope for implementing this for the international situation in a number of ways – for example by loading the outbound and keeping inbound free of levy as is the current situation. • AIS levy – in accord with the approach to discontinue this levy. • Cargo levy – the meeting noted that there was little push-back in the consultation process. <ul style="list-style-type: none"> ○ Nigel noted that the compliance costs on operators may make the relatively small revenue stream difficult to justify in the RIS. ○ Mark noted that operators are inclined to find "creative" ways of avoiding payment. ○ Steve asked that the basis for determining the cargo levy be reviewed as the rate appeared to be low. • ANZA Levy – The meeting was inclined to support the movement of the ANZA levy to 100% of the passenger levy as: <ul style="list-style-type: none"> ○ CASA do not discount NZ operators in Australia, and ○ It is intended that the cost of audit and surveillance will be charged 100% in the near term thereby abating completely

		<p>the current ANZA discount.</p> <ul style="list-style-type: none"> • Fees – in accord with the approach to charge fixed fee services (which tend to be entry certification processes) at 100% of the fully costed hourly rate. • Hourly Charges - in accord with the approach to phased increases in hourly charges (along the lines described in the consultation document) but note that some entry/certification processes are charged on the hourly rate. • Medical – comments reserved until further information is provided by CAA. • Travel and travel disbursements - in accord with the approach to continue the current practice of not charging these costs to clients. Noted that offshore travel and disbursements are charged under the current legislation. • Cancellation fee – agreed that this concept should be further investigated. • Urgency fee – due to the difficulty in administration and the scope for unintended consequences it was thought that this concept need not be taken forward at this stage.
	General Business	
5	Any other business	Next Steering Group meeting: 25 November at CAA, 1030 – 1230,