

From the President

As you know, the CAA funding review results are 'out'. They mean that more CAA costs will be passed on to the GA sector.

This has been a protracted review - 32 months to complete, huge amounts of industry time, lots of CAA time and lots of Ministry of Transport time. CAA tells us that they will get \$2m less revenue over three years through the new charges - it just doesn't make business sense!

We opposed the CAA intention to pass on more costs to GA; introduce levies based on hours you operate; and the levies proposed for specific sectors. A lot of you did too.

We talked to ministers, MPs and the Ministry of Transport; the Chairman and Director of CAA; secured support for our views from Federated Farmers and Tourism Industry Aotearoa (both of whom briefed their ministers and submitted their objections); and submitted on both consultation documents. We know that many of you talked to your MPs, made your concerns known to CAA and lodged submissions. The review was discussed at ACAG which raised concerns. At the last ACAG meeting where the review was discussed, our rep was prevented from sharing documents and any details of the discussions with us.

Despite all these objections, the Government has decided to reduce the amount of funding CAA gets from the airline sector, increase the funding it gets from GA, but it did confirm some changes to the levy rates consulted on.

The Government has accepted (but did it understand?) that some of the larger GA operators will pay CAA much more (especially in agriculture, Part 121, Part 135, freight only, and adventure aviation) and that the costs of overseeing safety in the smaller companies will now be subsidised by the bigger GA companies. Ironically these bigger companies are recognised by CAA for their good safety performance through the fees they currently pay!

Of course the medical fee has come down by \$210.25 (GST incl) to \$120.75, but we're told that some of this reduction is being picked up in the levy. How much? We don't know!

The new fees will come into effect on 1 July. Where you need to increase your prices to reflect this new levy, we suggest you refer to the extra as 'a new CAA safety tax'.

The future - we will take a number of actions:

- Show that the new levies do not provide better incentives to make sure participants comply with safety regulations. They penalise the larger safety conscious operators. This approach must be changed.
- Challenge the open ended nature of the CAA hourly charge. Just like any other service provider CAA should give realistic estimates.
- Promote greater transparency in the way CAA costs are developed and encourage greater productivity.
- Push for CAA compliance with 'Building Effective Regulatory Institutions and Practices' which the Government released last month.

We welcome constructive input from you as we start on this road.

Lloyd Matheson
President