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Listed below are the most commonly used grounds from the OIA.

N/A - Document released in full. No information has been withheld for this proactive release

<u>Section</u>	<u>Description of ground</u>
6(a)	as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government
6(b)	as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by <ul style="list-style-type: none"> <li>(i) the Government of any other country or any agency of such a Government; or</li> <li>(ii) any international organisation</li> </ul>
6(c)	prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
9(2)(a)	to protect the privacy of natural persons
9(2)(b)(ii)	to protect information where the making available 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
9(2)(ba)(i)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public
9(2)(ba)(ii)	to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest
9(2)(f)(ii)	to maintain the constitutional conventions for the time being which protect collective and individual ministerial responsibility
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty
9(2)(h)	to maintain legal professional privilege
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
9(2)(j)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)



# Cabinet

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Report of the Cabinet Expenditure and Regulatory Review Committee: Period Ended 13 September 2024

On 16 September 2024, Cabinet made the following decisions on the work of the Cabinet Expenditure and Regulatory Review Committee for the period ended 13 September 2024:

EXP-24-MIN-0045

**Supporting Advanced Aviation**  
Portfolios: Transport / Space

CONFIRMED

Out of Scope



Rachel Hayward  
Secretary of the Cabinet

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# Cabinet Expenditure and Regulatory Review Committee

## Minute of Decision

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### Supporting Advanced Aviation

Portfolio                      Transport, Space

On 10 September 2024, the Cabinet Expenditure and Regulatory Review Committee:

- 1        **agreed** to introduce the following suite of actions to support advanced aviation in New Zealand, while maintaining current levels of safety:
  - 1.1      develop a new Civil Aviation Rule for experimental or developmental aircraft and systems operations to reduce the need for time consuming amendments or re-certification and relieve some pressure on current certification process;
  - 1.2      engage with the sector to establish permanent restricted airspace areas for exclusive use by advanced aviation companies;
  - 1.3      refresh Civil Aviation Rules to move lower risk operations from Part 102 to Part 101;
  - 1.4      explore options for the provision of regulatory advice outside of the regulator;
  - 1.5      progress options for a cost-recovered advisory service for applicants with complex operations;
  - 1.6      co-design an emerging technology programme that clearly defines the roles and responsibilities of different parties in the system and identifies capabilities and capacities needed, and the ways of working;
- 2        **noted** that, under the Civil Aviation Act 2023, the Minister of Transport has the power to make rules relating to civil aviation;
- 3        **noted** that the Minister of Transport intends to approve amendments to the Civil Aviation Rules necessary to give effect to the set of actions, without further reference to Cabinet, unless a significant policy issue or risk emerges;
- 4        **noted** that the Minister of Transport will report back to the Cabinet Expenditure and Regulatory Review Committee (EXP), as appropriate, if any funding is required;
- 5        **invited** the Minister of Transport and the Minister for Space to report back to Cabinet by s 9(2)(f)(iv) to confirm the approach to funding the policy proposals outlined above, including specific details and impact analysis of any proposed reprioritisation

- 6 **invited** the Minister for Space to report back to EXP by s 9(2)(f)(iv) on progress towards implementing the advanced aviation set of actions;
- 7 **agreed** to the New Zealand Space and Advanced Aviation Strategy, attached to the paper under EXP-24-SUB-0045, that includes the goal of ensuring New Zealand has a world-class regulatory environment for both advanced aviation and space;
- 8 **authorised** the Minister for Space to make minor editorial changes to the New Zealand Space and Advanced Aviation Strategy prior to publication.

Sam Moffett  
Committee Secretary

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**Present:**

Hon David Seymour (Chair)  
Hon Nicola Willis  
Hon Chris Bishop  
Hon Paul Goldsmith  
Hon Louise Upston  
Hon Mark Mitchell  
Hon Brooke van Velden  
Hon Casey Costello  
Hon Andrew Bayly  
Hon Mark Patterson

**Officials present from:**

Office of the Prime Minister  
Officials Committee for EXP  
Office of the Minister of Commerce and Consumer Affairs

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**In confidence**

Office of the Minister for Space

Office of the Minister of Transport

Cabinet Economic Policy Committee

**Supporting advanced aviation**

**Proposal**

- 1 We seek Cabinet agreement to introduce actions to support advanced aviation in New Zealand, while maintaining current levels of safety.

**Relation to government priorities**

- 2 The Government is ambitious for advanced aviation and its potential to help grow a dynamic, productive and resilient economy. The actions presented in this paper support the Government's goal: by the end of 2025, New Zealand has a world class regulatory environment that allows rapid iteration and testing of advanced aviation vehicles and technology.

**Background**

- 3 We are raising the ambition for the advanced aviation sector to become a highly productive, economically advanced industry that helps to boost New Zealand's productivity performance<sup>1</sup>.
- 4 Advanced aviation includes drones, uncrewed aircraft, and any new aviation capability that has not been certified or approved before, is innovative, and is not routine.
- 5 Advanced aviation will reshape our aviation sector. It drives technological advancements that have wide-ranging economic and global impacts on everyone's daily lives, for example on global communications, emergency management, scientific discovery, different business models, transportation of goods and green energy development.
- 6 New Zealand's competitive advantages in advanced aviation include our clear skies, low population and agile regulation.
- 7 To support the growth of advanced aviation, by 2026 we will have a world class regulatory environment that allows for the rapid iteration and testing of advanced aviation vehicles and technology. This approach supports the development of a strong and vibrant New Zealand-based advanced aviation sector, support the development of associated industries, and will strengthen New Zealand as a highly competitive destination for early and ongoing investment in advanced aviation.

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<sup>1</sup> A Drone Benefit Study (2019) indicates that the drone sector could bring to New Zealand's economy benefits as high as \$7.9 billion over a period of 25 years.

**Having the right regulatory settings can help unlock the growth of New Zealand's advanced aviation sector.**

- 8 Advanced aviation is a high-technology, high-skills, high-productivity sector. New Zealand's burgeoning advanced aviation industry has significant potential for growth. Recognising the potential of the advanced aviation sector to support our economic goals, we have sought advice from the Advanced Aviation Reform Advisory Group<sup>2</sup> to help inform the suite of actions in this paper.
- 9 The advisory group has highlighted some key focus areas to unlock the potential of the sector, such as the importance of:
  - 9.1 being able to rapidly iterate and test advanced aviation vehicles and technologies while maintaining current levels of safety, minimising regulatory complexity and providing certainty for participants
  - 9.2 being able to progress across regulatory regimes that take them from an experimental phase to an exporting phase. They note that having a credible regulatory system is important for exporting their technologies, as the countries we trade with want assurance the technology is safe
  - 9.3 building capability in advanced aviation so that we have the pipeline of talent to continue to grow the sector. This includes having skilled people in our regulatory system, attracting business to New Zealand and encouraging new start-up companies, and inspiring young people to study and enter this exciting and expanding sector.

**We want to ensure New Zealand is well-positioned to compete globally for talent, capital and business in the advanced aviation sector.**

- 10 New Zealand has some great success stories, with several innovative companies moving from start-up to export, as well as overseas companies coming here as the destination of choice. Our performance-based, flexible approach to regulation has supported them to develop their ideas and technologies here.
- 11 However, we are concerned that our current Rules were developed nine years ago and have not kept pace with technology. We are also concerned that the length and unpredictability of the time it takes for the Authority to process applications creates unnecessary business uncertainty and delays for advanced aviation participants. It also impacts on the Authority's other regulatory decision-making, as resources are moved around to try and respond to complex applications.
- 12 To address this, the Minister of Transport has introduced performance measures to improve certification processing times. For example, timeliness of new and revised applications for Part 102 applications, and percentage of Part 102 applicants surveyed who report that CAA has met or exceeded their expectations for timeliness processing their applications.
- 13 To support advanced aviation, we need a regulatory system that is agile and able to keep pace with innovation, allows for robust decision making at the right pace and

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<sup>2</sup> Most of the members from the Advanced Aviation Reform Advisory Group include advanced aviation industry representatives. A representative from each of the Ministry of Transport, Ministry of Business, Innovation and Employment and the Civil Aviation Authority is included.

with the right culture, and provides good value for money. We also need available airspace and ground-based support systems.

- 14 The regulatory system should manage the competing demands of traditional and advanced aviation, align with international expectations, and integrate evolving markets and other regulatory regimes.
- 15 We want to grow an advanced aviation-capable workforce. This includes ensuring the Authority has the capabilities to adapt to shifting demands. To support better informed and timely regulatory decision-making by Authority staff on more complex applications, they need additional capabilities in certain areas, such as advanced software development, flight test and avionics expertise.
- 16 We also want more people to get excited about aerospace and the wide-ranging benefits of aerospace technologies. This includes motivating and supporting more young people and people in groups currently underrepresented in the sector to seek careers in advanced aviation.

**We propose to introduce an initial set of actions to relieve demand pressure on the certification process, allow for rapid iteration and testing of advanced aviation vehicles and technologies, and provide more certainty for participants.**

- 17 The initial actions are to:
  - 17.1 develop a **new Civil Aviation Rule for experimental or developmental aircraft and systems operations** to allow rapid iteration and testing of advanced aviation vehicles and technologies. This provides an additional certification pathway to reduce the need for time-consuming amendments or re-certification and relieve some pressure on the current certification process. The holder of an approval (certificate) under the new Rule would be able to freely develop their product without needing further approvals from the Authority until they are ready to migrate their product into mainstream aviation activity. Certification would be competency focused, and national security interests would also be considered
  - 17.2 maximise the benefits of a new Rule by creating a permanent restricted airspace where (new Rule) certificate holders can conduct their experimental or developmental operations freely (along with the necessary ground-based infrastructure and systems to enable products and services to be developed).
  - 17.3 engage with the sector to **establish permanent restricted airspace areas for exclusive use by advanced aviation companies** (this also includes temporary restricted airspace areas)
  - 17.4 **refresh Civil Aviation Rules to move lower risk operations from Part 102 to Part 101** (for example overflight consent provisions) to free up time and resource for more complex applications, while maintaining current levels of safety
  - 17.5 explore the **provision of regulatory advice outside of the regulator** to allow the Authority to respond to different demands as emerging technology evolves to speed up regulatory decision making



- 17.6 explore options for a **cost-recovered advisory service** to support applicants at the start with complex operations to develop high-quality applications prior to submitting their application, to reduce certification 'churn'
- 17.7 co-design **an emerging technology programme** that clearly defines the roles and responsibilities of different parties in the system and identifies the necessary capabilities and capacities, and the optimum ways of working.
- 18 These initial actions will be implemented by the end of 2025 and form the foundation of a longer-term plan<sup>3</sup> to support advanced aviation in New Zealand, while maintaining current levels of safety. Ministry officials will work with agencies, including the Ministry of Business, Innovation and Employment, to ensure alignment and compliance with other regulatory regimes.
- 19 We have also created the New Zealand Space and Advanced Aviation Strategy [refer Appendix 1] that will replace the existing Aerospace Strategy and National Space Policy to reflect this Government's priorities for our space and advanced aviation sectors. The new strategy is focused on supporting sector growth in these sectors and will act as an outward facing document that supports promotion of New Zealand as a location for aerospace activities and investment. The recommendations we are making in this Cabinet paper are a key part of addressing the second objective in the new strategy: ensuring New Zealand has a world-class regulatory environment.

**Cost-of-living Implications**

- 20 There are no cost-of-living implications for this proposal.

**Financial Implications**

- 21 There are implementation and delivery costs associated with the proposal. The Authority has no immediate comparators it can use to help assess the likely demand for certificates under the proposed Rule s 9(2)(f)(iv)  
[Redacted text]

- 22 In the first instance, we expect the Authority to explore operating efficiencies to support this proposal. s 9(2)(f)(iv)  
[Redacted text]  
[Redacted text]  
[Redacted text] We expect any bids for funding to support the implementation and delivery costs associated with the proposal be progressed in the context of this work, which should proceed in parallel with policy development for the new Rule.

<sup>3</sup> Supporting advanced aviation also involves consideration of wider settings, such as education pathways and alignment with international trade settings. These matters will be considered as part of the longer-term plan to support advanced aviation.



### **Legislative Implications**

- 23 Amendments to Civil Aviation Rules are necessary to give effect the package.

### **Impact Analysis**

#### **Regulatory Impact Statement**

- 24 The interim Recovery Impact Statement (RIS) has been reviewed by a panel of representatives from the Ministry of Transport and Civil Aviation Authority. It has been assessed as partially meeting Cabinet's quality assurance criteria for impact analysis.
- 25 The interim RIS is focussed on options for regulatory change in the context of broader work directed by the Minister. The RIS falls short of a 'meets' rating at this initial stage of work due to limited opportunities for consultation and a lack of quantified evidence about some of the impacts of the proposal. However, the provided impact analysis is considered sufficient to support opening a policy process which will likely lead to regulatory changes. The panel notes further analysis is required as part of standard rule-making processes, which will also include public consultation.

#### **Climate Implications of Policy Assessment**

- 26 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal, as the emissions impact is indirect and difficult to quantify.
- 27 This proposal represents the initial stage of the government's long-term strategy to promote the growth of New Zealand's advanced aviation sector. The Cabinet paper addresses required changes to regulations to facilitate this growth. The CIPA team will be kept updated as additional proposals related to advanced aviation are put forward. These future proposals will require further CIPA assessments, and the emissions impact of the long-term strategy needs to be progressively evaluated.

#### **Population Implications**

- 28 There are no population implications for this proposal.

#### **Human Rights**

- 29 There are no human rights implications for this proposal.

#### **Use of External Resources**

- 30 No external resources were used to prepare this proposal. The Advanced Aviation Reform Advisory Group informed the proposals in this paper and their involvement was voluntary.

#### **Consultation**

- 31 The Treasury, Ministry of Business, Innovation and Employment, Te Puni Kōkiri, and the Civil Aviation Authority were consulted on the Cabinet paper. The Department of the Prime Minister and Cabinet was informed.

## Communications

- 32 The Minister for Space plans to announce the initial actions at the New Zealand Aerospace Summit 2024, 23–24 September.

## Proactive Release

- 33 Following Cabinet agreement to this paper we intend to release it on the Ministry of Transport website.

## Recommendations

The Minister for Space and the Minister of Transport recommend that the Committee:

- 1 **agree** to introduce the following suite of actions to support advanced aviation in New Zealand, while maintaining current levels of safety:
  - 1.1 develop a new Civil Aviation Rule for experimental or developmental aircraft and systems operations to reduce the need for time consuming amendments or re-certification and relieve some pressure on current certification process
  - 1.2 engage with the sector to establish permanent restricted airspace areas for exclusive use by advanced aviation companies
  - 1.3 refresh Civil Aviation Rules to move lower risk operations from Part 102 to Part 101
  - 1.4 explore options for the provision of regulatory advice outside of the regulator
  - 1.5 progress options for a cost-recovered advisory service for applicants with complex operations
  - 1.6 co-design an emerging technology programme that clearly defines the roles and responsibilities of different parties in the system and identifies capabilities and capacities needed, and the ways of working
- 2 **note** that under the Civil Aviation Act 2023 the Minister of Transport has the power to make rules relating to civil aviation
- 3 **note** the Minister of Transport intends to approve amendments to the Civil Aviation Rules necessary to give effect to the set of actions, without further reference to Cabinet, unless a significant policy issue or risk emerges
- 4 **note** the Minister of Transport will report back to Cabinet, as appropriate, if any funding is required
- 5 **invite** the Minister for Space to report back to Cabinet by s 9(2)(f)(iv) on progress towards implementing the advanced aviation set of actions
- 6 **agree** to the New Zealand Space and Advanced Aviation Strategy that includes the goal of ensuring New Zealand has a world-class regulatory environment for both advanced aviation and space
- 7 **agree** that the Minister for Space can make minor editorial changes to the New Zealand Space and Advanced Aviation Strategy prior to publication.

**IN CONFIDENCE**

Hon Judith Collins KC

Minister for Space

Hon Simeon Brown

Minister of Transport

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**Appendix 1 New Zealand Space and Advanced Aviation Strategy**

Not released consistent with 18(d) with final strategy as published.

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