MINISTRY OF TRANSPORT
TE MANATŪ WAKA

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

Section	Description of ground
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 (i) the Government of any other country or any agency of such a Government; or (ii) any international organisation
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)

Interim Regulatory Impact Statement: Supporting Advanced Aviation

Coversheet

Purpose of Document	
Decision sought:	Analysis produced for agreement to a range of actions to support advance aviation, including developing a new Civil Aviation Rule for experimental or developmental aircraft and systems; and refreshing Rules
Advising agencies:	Ministry of Transport
Proposing Ministers:	Minister for Space, Hon Judith Collins KC (lead) Minister of Transport, Hon Simeon Brown
Date finalised:	4 September 2024

Problem Definition

The Government's goal is that New Zealand has a world class regulatory environment that allows rapid iteration and testing of advanced aviation vehicles and technology by the end of 2025.

Current Civil Aviation Rules require complex considerations that the regulator is not currently able to make in a timely and predictable manner mainly because current Rules are out of date and no longer fit-for-purpose, introducing costs and delays for regulated parties. This impedes New Zealand's ability to be the location of choice advanced aviation and the Government's goal.

Executive Summary

Aviation technologies are regulated primarily by the Civil Aviation Rules (the Rules) made under the Civil Aviation Act 1990[1] (the Act). The Government and key stakeholders are concerned that our current Rules are not fit-for-purpose for new technologies and aerospace activities because the length and unpredictability of the time it takes for the Authority to process applications.

This:

- leads to innovators relocating to other countries and making it difficult to attract new advanced aviation companies and investment to New Zealand
- imposes unnecessary business uncertainty and delays on advanced aviation firms
- impacts other regulatory decision-making by the Civil Aviation Authority ('the Authority', or 'CAA'), as resources are moved around to try and respond to complex applications.

[1] The Civil Aviation Act 2023 comes into force from 5 April 2025.

The Minister for Space has directed officials to explore regulatory options to meet the goal of a world class regulatory environment that allows rapid iteration and testing of advanced aviation vehicles and technology by the end of 2025.

An Advanced Aviation Reform Advisory Group (Advisory group) was established by the Minister in July 2024 to advise on reform to support a world class regulatory environment that allows rapid iteration and testing of advanced aviation vehicles and technology by the end of 2025.

Advanced aviation includes drones, uncrewed aircraft (UA), and any new aviation capability that has not been certified or approved before, is innovative, and is not routine. The term 'advanced aviation' has the equivalent meaning to the term 'emerging technologies' used by the Authority.

To address the problem and opportunity, officials considered the following options:

- Option 1A: existing regulatory framework continues to apply (status-quo)
- Option 1B: as for 1A but with non-regulatory or resourcing improvements (enhanced status-quo)
- Option 2: develop a new Civil Aviation Rule for experimental or developmental aircraft and systems operations, and refreshing existing Rules, based on the considered recommendations by the Advisory group.

Option 2 is the Ministry of Transport's (the Ministry's) preferred option. The Ministry supports that the changes proposed in Option 2 better allow for rapid iteration and testing of advanced aviation technologies, while maintaining current levels of safety, by the end of 2025, compared to the status quo and enhanced status quo options.

Limitations and Constraints on Analysis

This analysis has been constrained by:

- **scope imposed by Government**: Agencies were commissioned to fulfil the Government's objectives as stated in the terms of reference for the Advisory group
- **lack of broader consultation with aviation stakeholders and public**: due to compressed timeframes, it has not been possible to consult much wider than beyond the Advisory group
- **work is in initial stages**: due to compressed timeframes, there was limited time to source fulsome evidence to support the options. This was mitigated, in part, by the considered and expert input by Advisory group
- **fiscal envelope**: due to the constrained fiscal landscape, options with significant fiscal implications have been excluded
- **compressed timeframes**: The Ministry worked to compressed timeframes, at the request by Government. Longer timeframes could have led to more rounded advice on the impact of these proposals, including unintended consequences.

Responsible Manager(s) (completed by relevant manager)	
Tom Forster Manager, Aviation Ministry of Transport  4 September 2024	
Quality Assurance (completed by QA panel)	
Reviewing Agency:	Ministry of Transport
Panel Assessment & Comment:	This 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. 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.

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

What is the policy problem or opportunity?

1. Current Civil Aviation Rules (the Rules) have not kept pace with new and emerging technology.

2. The Government is ambitious for advanced aviation[2] and its potential to help grow a dynamic, productive and resilient economy[3].

3. Advanced aviation requires a regulatory environment that allows for rapid iteration and testing of advanced aviation vehicles and technology, while maintaining current levels of safety.

4. The length and unpredictability of the time it takes for the Authority to process applications poses unnecessary business uncertainty and delays on 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.

5. There are examples of innovators moving offshore and testing other markets due to the uncertainty and timeliness of regulatory pathways, and incentives available elsewhere. Anecdotal evidence from the Advisory group also suggests regulatory challenges factor into companies' decisions about whether to continue to operate in New Zealand or come to New Zealand as the destination of choice.

Status quo: current Rules

6. In 2015, the Government brought in new and amended Rules that were designed to mitigate the immediate safety and security risks posed by uncrewed aircraft operations:

    a. **Part 101** contains a set of prescriptive Rules that captures low risk operations for unmanned aircraft weighing 25 kilograms or below; and

    b. **Part 102** is a risk-based certification framework that provides for more complex and higher risk operations (those falling outside the remit of Part 101) or for uncrewed aircraft heavier than 25 kilograms. A Part 102 operator certificate is required to conduct such operations, and applications are reviewed by the Authority on a case-by-case basis

7. These Rules were intended to be an interim step to give regulators an opportunity to examine technology as it developed, and to introduce longer-term regulation once the use of drones had become more standardised internationally.[4]

[2] Advanced aviation includes drones, uncrewed aircraft (UA), and any new aviation capability that has not been certified or approved before, is innovative, and is not routine. The term 'advanced aviation' has the equivalent meaning to the term 'emerging technologies' used by the Authority.

[3] A Drone Benefit Study (2019) indicates the drone sector could bring to New Zealand's economy benefits as high as $7.9 billion over a period of 25 years.

[4] Regulatory Impact Statement – Remotely Piloted Aircraft Systems, 2015, https://www.transport.govt.nz//assets/Uploads/RIA/RIS-Remotely-Piloted-Aircraft-Systems.pdf

8. Any uncrewed aircraft operation that cannot fit under Part 101 must be assessed and certificated by the Authority under Part 102. In principle, this regulatory pathway can assess any kind of novel drone technology or operation. As such, the regulator faces a significantly more complex task of assessing each proposed operation. In some cases, this can result in a burdensome process that may not always be proportionate to operational risks and that imposes regulatory costs and delays on innovators.

9. Prescriptive rules cannot anticipate all potential applications now or in the future. The Rules currently consider the safety risks of an operation, rather than the purpose of the operation.

10. Part 102 is largely working as intended and fit-for-purpose content-wise. However, due to its flexibility advanced aviation participants:

    a. use it to certificate aircraft and systems, which were outside of the intended scope when the rule was developed; and

    b. any changes, however minor, to any aspect of operations or vehicle design requires the Authority to reassess and amend the certification.

11. In contrast, while Part 101 does not require regulator approval, some requirements may no longer be proportionate to the safety outcomes they are trying to achieve. This in turn can lead to Part 102 applications that would be otherwise be unnecessary.

12. More generally, the Rules need ongoing revision and modernisation to support economic growth by allowing new technologies and operations to take place in the aviation system safely and securely. Demonstrating safety and security is a critical aspect of commercialising and exporting any new aerospace technology or business concept.

Stakeholder views informing this proposal

13. **Supporting commercial innovation:** The Advisory group has highlighted some key focus areas to unlock the potential of the sector, such as the importance of:

    a. 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

    b. 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 New Zealand trades with want assurance the technology is safe

    c. building capability in advanced aviation so that New Zealand has a pipeline of talent to continue to grow the advanced aviation 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.

14. Stakeholders are concerned about the time taken for the Authority to issue approvals of emerging technology operations – particularly approvals of uncrewed aircraft operations under Part 102 which covers more advanced and innovative operations.

15. **Part 101:** Some operators argue the consent provisions or the prohibition to operate a uncrewed aircraft within four kilometres of aerodromes are unjustified or

disproportionate to the risk. They argue that these Rules can inhibit the legitimate use of drones and the growth of the sector. This can in turn require operators to apply for Part 102 certification for these operations.

Demand for Part 102 certification has continued to grow

16. The growth in demand for new certifications, demand for renewals, and limited resourcing, has contributed to a growing backlog of applications for Part 102 certification. Most certifications are not in the emerging technologies domain and are not novel or new technologies. However, the volume of 'routine' applications, as well as the growth in volume and complexity of complex application impacts the resource available to deal with the more complex advanced aviation applications.

17. This demand growth resulted in the time taken to process applications rise to average of 299 days in mid-2023 from an average of 84 days in 2021.

18. Recent procedural improvements by the Authority have led to reductions in the processing queue - from 15 months in October 2023 to 11 months in March 2024. Demand for new applications continues to trend up, so while time in queue is decreasing the number of applications in the queue is not reducing as much as is needed.

19. The Minister of Transport has introduced new performance measures to increase transparency and improve certification processing times. They include timeliness of new and revised applications for Part 102 applications, and percentage of Part 102 applicants surveyed who report that the Authority has met or exceeded their expectations for timeliness processing their applications. While these new measures will help improve operational efficiencies, it is not sufficient to address the underlying problem.

The Authority has established an emerging technologies programme to help assist stakeholders

20. In October 2021, the Authority launched an Emerging Technologies Programme (ETP), as a bridge between the Authority's certification function and stakeholders seeking regulatory approvals.

21. As part of the ETP, the Authority established an Emerging Technologies Unit, which became operational in April 2023. A key role of the unit is to work alongside stakeholders to help smooth regulatory approvals of novel technologies into the aviation sector by helping participants anticipate and plan for their certification requirements across future phases of development or commercialisation.

Wider work within the Space portfolio

22. A New Zealand Space and Advanced Aviation Strategy has been created. Pending Cabinet approval, it will replace the existing Aerospace Strategy and National Space Policy to reflect Government's priorities for 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 changes to the regulations proposed here support Goal 2 under the Government's new strategy: Ensuring New Zealand has a world-class regulatory environment.

23. Work in the Space portfolio includes a review and proposed amendments to the Outer Space and High-altitude Activities Act 2017, and changes to regulatory operations of the New Zealand Space Agency that are being considered separately.

What objectives are sought in relation to the policy problem?

24. The objectives in relation to the policy problem are:

    a. to allow for rapid iteration and testing of advanced aviation vehicles and technologies

    b. to relieve demand pressure on the certification process

    c. to provide more certainty for participants.

25. The objectives are complementary and no trade-offs between them are expected. The preferred option addresses the stated objectives.

Section 2: Deciding upon an option to address the policy problem

26. The options have been assessed against the following criteria:

    a. **Enabling innovation and growth**: the settings promote innovation and make New Zealand an attractive place for advanced aviation companies to do business in a predictable and consistent manner.

    b. **Proportionality**: the degree of regulation and regulator's actions are commensurate with risk and proportionate to the size of the problems and opportunity. Distribution of regulatory burden and oversight are proportionate to the risk posed by the innovator's operations, and the benefits of the settings outweigh the financial and social costs.

    c. **Feasibility**: the measures build on existing systems and processes. Changes can be achieved within timeframe set by Government (end of 2025).

    d. **Value for money**: the fiscal environment does not allow for significant Government investment. The actions identified should deliver value for little additional cost or within current operating budgets.

27. The criteria are equally weighted in the analysis, with the final assessment being an average representation of analysis against the criteria.

What scope will options be considered within?

28. On 17 July 2024, an Advanced Aviation Reform Advisory Group[5] was established by the Minister for Space. The group met regularly over six weeks and submitted final advice to the Minister for Space on 30 August 2024.

[5] Most members from the Advisory group are advanced aviation industry representatives along with representative from each of the Ministry, Ministry of Business, Innovation and Employment and the Authority.

29. The scope of feasible options has been limited to regulatory options considered by the Minister for Space on advice of the Advisory group as part of a longer-term focus on supporting advanced aviation in New Zealand.

30. Due to the compressed timeframes to undertake the work, the Ministry was unable to consult the wider public and some other key aviation stakeholders.

31. The Advisory group considered international examples as part of their discussions and informed the set of actions including the preferred option. Options 1A (status quo) and 1B were defined by the Ministry for the purpose of this regulatory impact analysis.

32. The Authority has already proposed actions to improve the timeliness of certifications. For example, the Authority's interim pricing review proposes the Authority to grow emerging technologies certification capacity by 6 FTE from 1 July 2025 to help clear the backlog of applications. This is important, but not sufficient to address the underlying problem.

Longer-term scope

33. 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.

Previous work

34. In 2021, the Ministry sought public feedback on a policy package called Enabling Drone Integration (EDI). This package was developed with input from the Authority and was intended to enhance the New Zealand drone regulatory regime and enable the integration of drones into the civil aviation system. s 9(2)(f)(iv)

35. The EDI package proposed updating Parts 101 and 102 to anticipate the fast-moving technological and social change. Proposed Rule changes included:

    a. review the current consent provision: consider adopting a principled-based framework to protect not only people and property but also the environment and other significant risks and impacts arising from drone operations

    b. review and update the Rules for 'low-risk' unmanned aircraft operations (including the 4km limit from aerodromes).

36. Public submissions on the EDI proposal showed general agreement that Part 101 should be clarified and use simpler language.

37. There were mixed views about the consent provision to fly over property and people. Some thought the Rule was justified for safety, privacy, and nuisance purposes. Others felt that this Rule was overbearing in some circumstances.

38. There were mixed views on the review of the four-kilometre flight distance requirement from aerodromes. But, for the most part, submitters liked a blanket application of this Rule because it was simple to follow and justified in terms of safety.

39. The EDI work did not include the goal of a world class regulatory environment that allows rapid iteration and testing of advanced aviation vehicles and technology. Therefore, the EDI did not include a proposal to create and additional pathway through the development of a new rule part for experimental and developmental aircraft.

Non-regulatory options considered

40. The Advisory group identified several non-regulatory options that the Government is intending to progress as part of its initial set of actions, that include:

    a. engage with the sector to **establish permanent restricted airspace** areas for exclusive use by advanced aviation companies (this also includes temporary restricted airspace areas).

    b. 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.

    c. 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'.

    d. 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.

41. Establishing permanent restricted airspace does not require changes to the Rules as it is already allowed in Part 71 about categorising and designating airspace. However consequential amendments to other Rule parts may be required.

42. The other three non-regulatory actions fit within the Director of Civil Aviation's existing powers under the Act.

What options are being considered?

43. This work is focused on a world class regulatory environment that allows rapid iteration and testing of advanced aviation vehicles and technology by the end of 2025.

44. The regulatory system should manage the competing demands of general aviation as well as advanced aviation, be aligned with international expectations, and integrate evolving markets and other regulatory regimes.

45. The Government wants to support the development of an advanced aviation-capable workforce for both regulators and industry. This includes ensuring the Authority has the required capabilities that can adapt to shifting demands. To support better informed regulatory decision making by Authority staff on more complex applications in a timely manner additional capabilities are needed in certain areas, such as advanced software development, flight test and avionics expertise.

Option 1A – Existing regulatory regime (status quo)

46. Under this option, there would be no change to the regulatory framework. Improvements to the regulatory framework would be progressed as part of the Ministry's regulatory stewardship role.

47. The Authority would continue to make regulatory decisions and certification with existing resourcing and funding. The Authority may have to find efficiencies in its current work programme.

Option 1B – Existing regulatory regime with non-regulatory or resourcing improvements

48. This option builds on option 1A by making non-regulatory changes and adding resourcing for processing certification of Part 102 applications.

49. A review of Authority fees, levies and charges is underway. The pricing review proposals would enable the Authority to grow emerging technologies certification capacity by 6 FTE from 1 July 2025 as an interim solution to help clear the backlog of applications, s 9(2)(f)(iv)

50. Direct investment in additional resourcing may not be value for money as fails to address fundamental inefficiencies imposed by the current rules and regulatory framework. It would also not be consistent with the government's goal to deliver results and improved public services for New Zealand, while managing tight fiscal constraints, with a focused on improved performance and strict fiscal discipline.

Option 2 – New regulatory regime for experimental or developmental aircraft and system; and refreshing existing rules (preferred option)

51. The Government proposes to introduce a set of initial 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.

52. The set of initial actions includes the following regulatory changes:

    a. 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 CAA until they are ready to migrate their product into mainstream aviation activity. Certification would focus on competency, and national security interests would also be considered.

       To maximise the benefits of a new Rule, a permanent restricted airspace would be required where (new Rule) certificate holders could conduct their experimental or developmental operations freely (along with the necessary ground-based infrastructure and systems to enable products and services to be developed).

    b. **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.

53. Creating a new Rule for experimental or developmental aircraft and systems operations and refreshing Civil Aviation Rules to move lower risk operations from Part 102 to Part 101 will require amendment to the Civil Aviation Rules.

54. The regulatory changes are designed to be implemented alongside non-regulatory options outlines in section 2 above.

Option 2 is the preferred option

55. The Ministry prefers Option 2 because it:

    a. provides a reasonable set of regulatory changes that can be achieved by the end of 2025

    b. targets the rapid iteration and testing of advanced aviation vehicles and technology by the end of 2025 as it provides an additional new pathway for advanced aviation innovators, while relieving pressure under the existing Part 102 pathway

    c. will improve certainty, consistency and timeliness of decisions for advanced aviation innovators. This will in turn will give confidence to attract more companies, investment and economic growth in New Zealand

    d. also incrementally contributes to improving timeliness for other applications.

How do the options compare to the status quo/counterfactual?

	Option 1A – Existing regulatory framework (Status Quo)	Option 1B – Existing regulatory framework with non-regulatory or resourcing improvements	Option 2 – Develop a new rule for experimental or developmental aircraft and systems, and refreshing existing rules.
Enabling innovation and economic growth	0	+ • Reduces certification processing times • Does not reduce demand for certification, or need for certification	++ • Reduces certification processing times • Regulatory changes provide consistency for innovators without having to seek continued certification changes • Allow innovators to test safely and build data that can used for certification purposes overseas • Allow innovators to demonstrate levels of risk in a safe environment that can be applied in other circumstances
Proportionality	0	0	+ • Creates a rule set proportional to risks innovators pose • Manages risk by restricting location of experimental aircraft. This approach will allow other controls to be less onerous, while building data and evidence for commercial certification • Regulatory change proposed to Part 101 is more proportional to the risk
Ease of implementation	0	++ • Increased funding can be used immediately to recruit and retain capacity with the Authority	++ • Rules changes are relatively straight forward • Rules changes are achievable by end of 2025
Value for money	0	0 or - • Does not address demand side pressures	++ • Regulatory changes provide increase choice to innovators • Regulatory change can improve efficiency of decision making.
Overall assessment	0	+	++

Key for qualitative judgements:

++	much better than doing nothing/the status quo/counterfactual
+	better than doing nothing/the status quo/counterfactual
0	about the same as doing nothing/the status quo/counterfactual
-	worse than doing nothing/the status quo/counterfactual
- -	much worse than doing nothing/the status quo/counterfactual

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

56. Option 2 is the Ministry's preferred option. It is a relatively simple way to provide additional regulatory pathways for advanced aviation participants and relieves pressure on Part 102 certification. This option targets the rapid iteration and testing of advanced aviation vehicles and technology by the end of 2025.

What are the marginal costs and benefits of the option?

57. There are implementation and delivery costs associated with the preferred option. The function proposed by the new Rule requires estimated set up costs of up to s 9(2)(f)(iv) and up to [redacted] per annum on-going costs for the Authority. This is due, in part, to the specific capabilities required for the complex regulatory decisions (including specialist technical knowledge, national security risk assessment, and certification matters).

58. The Authority has no immediate comparators it can use to help assess the likely demand for certificates under the proposed Rule and has estimated that up to [redacted] FTEs would be required per annum, but [redacted] FTEs during set up.

59. The cost figure includes remuneration and overhead costs, as well as some allowance for the development of policies, procedures, and developing guidance material for applicants.

60. The rule development process requires a further RIS to be prepared. It's expected that detailed costings will be undertaken when preparing this RIS. The Ministry will also explore wider costs when progressing non-regulatory options.

61. Once certification starts, the standard charge from the Authority could apply. [redacted]
s 9(2)(f)(iv)
[redacted]

9(2)(f)(iv)

9(2)(f)(iv)

Affected groups *(identify)*	**Comment** *nature of cost or benefit (e.g., ongoing, one-off), evidence and assumption (e.g., compliance rates), risks.*	**Impact** *$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.*	**Evidence Certainty** *High, medium, or low, and explain reasoning in comment column.*
Additional costs of the preferred option compared to taking no action			
Regulated parties developing advanced aviation businesses	Business cost from delayed regulatory decisions decreases. More cost effective than existing certification pathways, or timelier.	Medium	Low
Regulators	*Set-up cost* and capabilities required	s 9(2)(f)(iv) [redacted]	Low
Others (e.g., wider govt, consumers, etc.)	Some change management costs from Rule changes. Other aviation user	Unknown	Low

	may be adversely impacted.		
Total monetised costs	Unknown	Unknown s 9(2)(f)(iv)	Low
Non-monetised costs	Unknown	Unknown	Low
Additional benefits of the preferred option compared to taking no action			
Regulated parties developing advanced aviation businesses	Regulatory changes provide another option for innovators to test and trial with greater certainty, and may reduce existing regulatory compliance costs	Medium	Low
Regulators	Reduces recertification requirements as innovators iterate designs and options.	Low	Medium
Others (e.g., wider govt, consumers, etc.)	Unknown	Unknown	Low
Total monetised benefits	Unknown	Unknown	Low
Non-monetised benefits	Unknown	Unknown	Low

Section 3: Delivering an option

How will the new arrangements be implemented?

62. Government wants to implement the proposed changes by the end of 2025. Subject to Cabinet agreement, final decisions regarding rule changes will be approved by the Minister of Transport without further reference to Cabinet, unless a significant policy issue or risk emerges.

63. Further detailed implementation planning will be undertaken should Cabinet approve the preferred option. The Authority has indicated that the Rule changes in the preferred option are achievable by the end of 2025.

64. The key implementation risks include:

    a. timeframes may be at risk if operational efficiencies to accommodate this work by the Authority can't be found

    b. unforeseen consequences due to a wider range of stakeholders not having been consulted at this point due to the limited time available to assess the options

    c. the possibility that other mechanisms may be needed to mitigate low-risk operations.

65. The Ministry has consulted with the Authority on the preferred option. It supports the preferred option. The Ministry has also consulted with Airways New Zealand. It

supports the intended outcome of the preferred option and welcomes the opportunities the changes will bring to the sector.

66. The Ministry will work closely with the Authority and Airways on the proposed regulatory changes. The Ministry and Authority will use the established rule-making process to amend the Civil Aviation Rules. The Rule making process requires agencies to engage widely with aviation stakeholders and persons affected by the changes.

67. Appropriate project management structures will be established to implement the changes and support ongoing monitoring, reporting and accountability for the implementation of the proposal.

68. It is anticipated that the Authority will use existing pathways to educate advanced aviation innovators about the new rules and how they can be used. Additional mechanisms will be considered as work progresses.

69. It is anticipated that the Minister for Space will be invited to report back to Cabinet by s 9(2)(f)(iv) on progress towards implementing the set of actions. Ministry and Authority officials would update Ministers regularly ahead of any Cabinet report back.

70. The Authority remains the regulator for the civil aviation system and will be responsible for the ongoing operation of, and ensuring compliance with, the new arrangements.

How will the new arrangements be monitored, evaluated, and reviewed?

71. It is anticipated that the Authority and Ministry would monitor the implementation and effectiveness of the changes through appropriate project management structures and usual monitoring of performance expectations/measures.