

First principles funding review - Q&As

Q: What is the first principles funding review?

A: It's a comprehensive look at how the Civil Aviation Authority of New Zealand is funded. Instead of simply adjusting existing fees, levies, and charges; we are reviewing the funding model itself to make sure it's fair, simple, and sustainable for the future of aviation. This review will cover the funding period from 2028 to 2034.

Q: How is this different from the pricing review you completed recently?

A: The pricing review we completed last year adjusted fees, levies, and charges within our existing funding model to reflect current costs. The first principles funding review takes a step back to look at the whole funding approach — including who pays, how costs are shared, and whether new funding tools are needed.

Q: Why are you doing this review now?

A: Public sector guidelines for funding reviews specify that first principles reviews every six years are best practice. A first principles review has not been undertaken since 2017 for our regulatory function, and since 2019 for our security function.

Q: What will the review cover?

A: We will review the cost of all our activities, the way we recover those costs, and whether existing fees, levies or charges are the best option, or in some cases whether there are new options to fund them. In addition, we will look at six specific policy issues:

- The basis for the safety levy for agricultural operations
 - How unmanned aircraft and other new technologies should contribute
 - Ways to simplify the funding model
 - Alternatives for funding aviation security
 - Suggestions made by the public and industry in last year's pricing review consultation
 - The cost of administering our health and safety responsibilities and options for funding that work
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Q: Will this review mean higher levies or charges?

A: This review is about identifying what funding is needed to deliver aviation safety and security and how that can be shared fairly. If changes to fees, levies or charges are proposed, they will go through public consultation before any decisions are made. Changes could lead to proposals to increase or decrease any given fee, charge or levy.

Q: How will industry and the public have a say?

A: There will be a formal public consultation process that enables everyone to have a say once proposals are developed.

Q: Will submissions from last year's pricing review be used?

A: Yes. We've specifically included submissions from last year's consultation in the scope for this review. While we can't follow up on every point raised, we'll explore those with the most potential value and feasibility.

Q What it is the timeline for the funding review?

A: The current timeline we have agreed with the Associate Minister of Transport will see the funding review implemented on 1 December 2027.

Q: What happens after the review?

A: The aim is to have a new funding model in place for 2028–2034. We expect to carry out another pricing review around 2031 to make any adjustments needed for inflation and actual costs.

Q: How is the review being funded?

A: The review is being funded within our existing CAA budget.

Q: Who approves the changes?

A: Any legislative or regulatory changes to fees, levies, or the funding model would require Cabinet approval following public consultation.