



Australian Association for Unmanned Systems (AAUS)

Response to

Senate Rural and Regional Affairs and Transport Legislation Committee Inquiry on Civil Aviation (Unmanned Aircraft Levy) Bill 2020 and Civil Aviation Amendment (Unmanned Aircraft Levy Collection and Payment) Bill 2020

September 29, 2020

Background

The Australian Association for Unmanned Systems (AAUS) is pleased to provide a submission to The Senate Rural and Regional Affairs and Transport Legislation Committee Inquiry into the Civil Aviation (Unmanned Aircraft Levy) Bill 2020 and accompanying Civil Aviation Amendment (Unmanned Aircraft Levy Collection and Payment) Bill 2020.

AAUS is Australia's oldest and largest industry advocacy group for drones and the emerging Advanced Air Mobility (AAM) sector. AAUS represents drones across all three domains: air, land and maritime. AAUS' objective is to promote a professional, safe and commercially viable unmanned systems and AAM industry. AAUS achieves this through its industry advocacy and promotion, education and outreach, and networking activities.

AAUS provides a single representative voice for the full breadth of the drone and AAM industry. AAUS' 2,700 members span small-to-large enterprise, manufacturers, licensed and unlicensed operators, training providers, academic institutions, government, and other supporting technical and professional services to the Australian drone industry. Input from our members has been used to prepare this submission.

In this submission the Department of Infrastructure, Transport, Regional Development and Communication is referred to as 'the Department'. The use of the term 'drone' encompasses Remotely Piloted Aircraft (RPA) and Unmanned Aircraft Systems (UAS).



Submission Summary

AAUS:

- Supports development of a RPAS registration and accreditation system that will ultimately increase safety for drone operations, noting that the mature registration cost arrangements have yet to be disclosed by CASA.
- Supports the Department's steps to establish a policy framework in relation to emerging aviation technologies including enabling greater opportunity for drone and AAM operations.
- Acknowledges that CASA have been delivering RPAS services and associated support and development activities since the early 2000s that have not been fully funded by the RPAS industry.
- Acknowledges that industry has made a significant investment and will continue to play an important role in the development of policy and regulation enabling RPAS operations.
- Supports establishment of an Unmanned Aircraft Levy to recover costs for regulatory services and development to enable RPAS operations.
- Understands that there will be a further consultation on cost recovery principles early next year.
- Believes that the nascent RPAS and AAM industries are still emerging and have many challenges ahead. There needs to be recognition that the work to develop the regulatory framework, and safety oversight infrastructure to support it, is an investment in the foundation for the industry, and this cost cannot be borne entirely now. Viewed as a strategic investment enabling industry rather than an imposed cost to entry.
- Believes that full cost recovery of CASA RPAS services (flagged by CASA to be \$100-\$160 per commercial drone per annum and \$20 for recreational) will have a serious impact on the viability of the sector and may also compromise the desired safety outcomes of a registration scheme.
- Believes that if Australia is to truly emerge as a global leader in this sector, then the Australian Government in partnership with industry will need to invest in regulatory development and services delivered by CASA in the near to medium term.



Funding Regulatory Development and Services for the RPAS and AAM Industry

In 2002, a forward leaning CASA was one of the first countries globally to develop safety regulations (Civil Aviation Safety Regulation Part 101) for the RPAS industry. Since that time, CASA has continued to support a fledgling industry through regulatory services that are only partially funded by the drone industry.

It is worth acknowledging that industry has provided significant investment and contributed to the development of CASR Part 101 and associated standards and documentation. This investment has taken the form of in-kind labour and intellectual property devoted to many forums and working groups over the years to assist CASA in reaching where we are today. We see this investment continuing as long as industry can see a viable path forward for the RPAS sector. A viable path forward requires a regulatory development roadmap and a willingness to collaborate with industry.

In the long term, it is reasonable to expect that this cost recovery for CASA services to the RPAS industry should trend towards 100% if this sector is to be viable and if CASA services are delivered efficiently.

In the short term, AAUS believes that the nascent RPAS and AAM industries are still emerging and have many challenges ahead. There needs to be recognition that the work to develop the regulatory framework, and safety oversight infrastructure to support it, is an investment in the foundation for the industry, and this cost cannot be borne entirely now. Viewed as a strategic investment enabling industry rather than an imposed cost to entry.

The recent Australian Government Emerging Aviation Technologies Policy Issues Paper gives a succinct summary of the potential economic and social benefits along with risks of the emerging drone and AAM industry. To reach its' full potential, AAUS believes that government and industry will need to work collaboratively and continue to make an investment in developing future policy and regulations.

In the short term, there needs to be recognition that the work to develop the regulatory framework, and safety oversight infrastructure to support it, is an investment in the foundation for the industry, and this cost cannot be borne entirely now. Viewed as a strategic investment enabling industry rather than an imposed cost to entry.

Proposed Unmanned Aircraft Levy

The proposed Unmanned Aircraft Levy has been tied to registration of RPAS.

In 2018, AAUS provided its views to CASA on drone registration through its response to the Senate Inquiry Report on the Safe Use of RPAS. AAUS continues to strongly support drone registration and accreditation. However, while a zero-cost initial fee is applauded, AAUS awaits clarity on the mature fee model, which we believe will be a critical element to



determining its effectiveness. We await further details on this aspect and understand that there will be a further consultation on this early in 2021.

The goal of the RPAS registration policy should be to improve safety, security and accountability for RPAS operators and the general community. It will also form an important component to future Unmanned Traffic Management (UTM) systems. AAUS believes that CASA's registration levy model needs to incentivize maximum registration uptake from RPAS users including relevant recreational users. It therefore follows that costs need to be held as low as possible

AAUS has reviewed the Draft RPAS Cost Recovery Implementation Statement (CRIS) that accompanied recent consultation on proposed charges for RPAS services. The document raises more questions than answers regarding costs of operating the registration and accreditation system and the ability for industry to pay for it. If we interpret the data correctly, it appears that the cost of the registration and accreditation system will cost around \$9M per annum (over the next 4 years) and that this will be recovered (fully or partially) by registration of an estimated 40,000 commercially operated drones (32,000 excluded category and 8,000 ReOC). If CASA hopes to fully recover costs of the registration and accreditation system, this will drive registration costs to over \$200 per annum per drone. The cost of the registration and accreditation seems very high to AAUS and we are not sure if the amount includes required investment in resourcing to meet future regulatory development needs.

CASA has previously indicated that the cost to register commercial drones would be based on a flat fee model of approximately \$100 - \$160 per drone per annum. This flat fee cost recovery model has the potential to be unfair to operators that operate many small drones for modest revenue compared to an operator that operates a low quantity large drones for high revenue. AAUS believes that there are fairer systems that could be explored.

AAUS believes that a cost recovery model which imposes significant costs on small operators could prove unaffordable for industry. Unaffordable registration costs may reduce economic development and innovation across the drone industry, while also potentially driving non-compliance. We look forward to further clarity with respect to registration and accreditation cost data and proposed recovery strategy for cost recovery.

In addition, CASA may want to consider registration fee exemptions for certain industry or Government segments where the flow-through of costs might be counter-productive (ie, through decreased levels of compliance, education or training).

CASA Resourcing

With the size of the drone industry and increased demand for CASA's drone services, AAUS believes that reductions in CASA resourcing is constraining growth and economic development for the drone sector at a time when growth is so critical.



The rapidly growing RPAS sector in Australia places a significant demand on CASA services. The situation is compounded by CASA's inability to completely recover cost for the provision of regulatory services to the sector, with the existing funding model heavily dependent on fuel excise. Consequently, resources (personnel numbers and relevant drone experience) within CASA to meet its drone regulatory functions and introduce new initiatives appear inadequate. This shortfall is translating directly to longer application times for various approvals with the potential to drive up regulatory non-compliance which could impact safety outcomes. This inefficiency is directly affecting economic development across the sector and, more importantly, resulting in lost opportunity for innovation.

If we are to realise our future aspirations for the sector, AAUS believes that CASA needs to find additional resources (or delegate authority as appropriate) to manage the increased throughput of an expanding drone industry.

Conclusion

AAUS welcomes the opportunity to represent the drone sector in this response to The Senate Rural and Regional Affairs and Transport Legislation Committee Inquiry into an Unmanned Aircraft Levy. AAUS works cooperatively with the Department, AirServices Australia and CASA on many issues relating to the drone sector. We appreciate the many initiatives collectively underway to enhance safety oversight, and improve the economic viability of the drone sector, including those which promote innovation. Many of these initiatives are vital to regional and rural users and will enable applications for drones that can deliver significant downstream benefit.

AAUS believes that the nascent RPAS and AAM industries are still emerging and have many challenges ahead. There needs to be recognition that the work to develop the regulatory framework, and safety oversight infrastructure to support it, is an investment in the foundation for the industry, and this cost cannot be borne entirely now. Viewed as a strategic investment enabling industry rather than an imposed cost to entry.

Further, we believes that if Australia is to truly emerge as a global leader in this sector, then the Australian Government in partnership with industry will need to invest in regulatory development and services delivered by CASA in the near to medium term.

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