

**AIRWAYS CORPORATION OF NEW ZEALAND LIMITED**

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS  
OF AIRWAYS CORPORATION OF NEW ZEALAND LIMITED**

**HELD BY AT AUCKLAND, RANGITOTO MEETING ROOM & VIA MICROSOFT TEAMS  
ON WEDNESDAY 18 MAY 2022 AT 9:00AM – 4:00PM**

**Present:** Denise Church (Chair), Mark Pitt (Deputy Chair), Darin Cusack, John Holt, Lisa Jacobs, Mark Hutchison, Nicola Greer and Gavin Fernandez

**Apologies:**

**In attendance:** James Young, Chief Financial Officer & Acting CEO  
Kim Nichols, Head of Safety and Assurance  
Katie Wilkinson, GM Air Traffic Services  
Katie Bhreatnach, General Counsel and Company Secretary  
Jamie Gray, Head of Public Relations & Acting Head of People and Capability  
Ed Overy, Chief Information Officer  
Sharon Cooke, CEO Airways International Limited  
Sally Williams, Employment Relations Manager  
Moana Brown, Executive Assistant to the CEO

**BOARD ONLY TIME**

The Board met alone from approximately 08:00AM – 09:00AM

The Board and CEO met without management present from approximately 09:00 – 10:30AM.

**FORMAL BOARD AGENDA**

*The Board Meeting commenced at approximately 10.45AM*

The Chair acknowledged how special an occasion it was meeting together face to face. It is a time of significant change, noting that leadership transition is a challenge for any team and any organisation. The Chair acknowledged everybody's professionalism to make that transition as smooth as possible and noted that there are exciting opportunities opening up for the company.

This morning the Board is spending two hours on sustainability, which is a critical part of our platform. The Board wish to seize opportunities, provide active support and enable management to operate as a strong team, as the strength of the organisation comes from the whole.

The Board is grateful to James for stepping into the acting CEO role. The Board has considered a brief stocktake with the Acting CEO and concluded that it will be helpful to refresh the strategy developed in 2018, which still has plenty of strength in it. The Board regard this as exciting and positive times and are looking forward to working with management.

The Acting CEO noted that it is an opportunity to draw a line in the sand and position ourselves for the future.

#### Item 1.2 ***Supporting CANSO's Environmental and Sustainability Mission***

Management presented the paper noting that under the leadership of s9(2)(a) management has been trying to position sustainability as the cornerstone of recovery for the industry. This presentation outlines the work that Graeme and Jamie have been doing until recently. CANSO has established a high-level committee on enhancing aviation environmental sustainability through air traffic management, working on the development of a standard of excellence where ANSPs are accredited and awarded a level based on achievement across four categories.

Directors noted that one of the biggest challenges is the building of a sustainable environment. Management agreed and advised Airways will bring sustainability into our procurement practices and ensure our future investments consider sustainability and the environment.

Directors noted that in the non-aviation sense, there are a number of accreditation and certification processes driven by industry that have been heavily scrutinised and displaced by regulation – in this sense moving from carrot to stick.

Management noted that collaboration between ANSPs is required to get the real benefit, that technology will be the enabler, that air traffic can and will become borderless – but, at the moment ANSPs don't operate as a network, yet need to.

The Board noted that as we look at these sorts of developments, from a governance perspective, we should be focused on our strategy and why this is important to us. The Directors agreed that to meet social license expectations there is a need to understand how our core service operates within a broader environmental context. In this lies not only expectation of our operations but further opportunity for improvement.

The Board thanked management for a great presentation, noting that more is required, and this is the beginning of a conversation on a topic we will be focusing more on going forward.

#### **11.30am *Air New Zealand Sustainability Presentation***

*Air New Zealand guests David Morgan, Chief Flight Operations & Safety Officer/Chief Pilot and Jacob Snelgrove, Sustainability Manager, joined in person and guest speaker Meagan Schoeffel, Head of Sustainability, joined online at 11.30am*

*Ed Overy joined the Board meeting at 11:30am.*

Captain Dave Morgan spoke to Air New Zealand's strategy through Covid and where they are heading, Meagan Schoeffel about carbonisation and Jacob Snelgrove about new technology.

Some key themes: Airways are key stakeholders, and part of the solution for Air New Zealand, so there is a strong desire to work in partnership in the future. The airline would like to see the world's leading aviation system in New Zealand, and sees that working in tandem can create real opportunities for New Zealand Inc. For operational efficiency, Airways is a key stakeholder. Partnership is needed to deliver operational efficiency outcomes, because the system is not as efficient as it could be. Dave Morgan shared an example where track

miles could be saved between Auckland and Queenstown representing thousands of tonnes of carbon per year. These are the types of projects we need to collaborate on to create the environment of the future involving autonomously flown planes, powered by alternative power sources, and in a fully automated system.

The Chair and Board thanked Air New Zealand for an excellent presentation.

*Air New Zealand guests and Ed Overy left the Board meeting.*

*The Board meeting paused for lunch from 12.40pm to 1:30pm with Air New Zealand guests.*

### Item 1.3 **Sustainability at Airways**

The Chair acknowledged the value in a concentrated focus on this important topic.

Management presented on the journey of sustainability at airways from 2018. While there was pull back in 2020, we have continued to do a basic level of initiatives in terms of carbon, waste, energy and procurement. Management has heard the challenge from the Board, and the time is now right to increase our level of ambition. A top down and bottom-up review and reset of our sustainability function and roadmap has simply fallen behind where we would like to be. Sustainability is also more holistic than just environmental considerations, need integrated reporting and integrated thinking. Management is aware we need to do more.

The Chair and Board noted the response involves the wider team and Directors are interested in ideas, and a clear agenda on how these will circulate back to the Board and how we can satisfy ourselves that we are making the rate of desired change. As of July, we have budget for sustainability and will have dedicated internal expertise. The Board thanked Jamie for taking on this responsibility.

The board noted that management will report in July on airspace optimisation developments that are relevant to the sustainability discussion.

The Chair noted the need to turn challenges with the regulator and other stakeholders around and make it an opportunity in relation to sustainability. **ACTION:** The Chair requested a script to support upcoming meetings with the Chairs of CAA and Air NZ.

### **General update to ELT**

While all ELT were present, the Chair noted that this is a significant moment for the company as we transition under new leadership. The Board acknowledges Graeme's contribution over a challenging five years.

Obviously, the Board's mind has now turned to the work that we need to do going forward and how best to resource it. There are now gaps in the team, Jamie Gray and James are wearing two hats. The Board acknowledged the need to balance aspiration with capacity constraints. The Board has given a clear mandate to get on with important work, and also to enable resourcing to achieve progress.

The Board now intends to move forward with the CE recruitment process and run this as transparently as possible. The Chair further noted that in these periods of transition, there are always opportunities and development support will be made available as management take on new responsibilities. Staff are encouraged to reach out to the Board for support.

*Jamie Gray, Sharon Cooke and John Holt left the Board meeting at 1:55pm.*

**ACTION:** Investigate alternative Board meeting date for the June Board meeting in light of Directors travelling to Madrid. Agenda for June will include a number of significant papers including the results of the staff

engagement survey, result of the customer engagement survey, and decision on the AIAL APLE divestment and new contract.

## **ITEM 2.0 BOARD MATTERS**

### **Item 2.1 *Continuous Disclosure***

No matters raised.

### **Item 2.2 *Register of Directors' Interests***

The Board **noted** the amended Register of Directors' Interests.

### **Item 2.3 *Minutes of Meeting held 21 April 2022***

The Board **approved** the minutes of the previous Board meeting held on 24 March 2022 as a true and correct record of that meeting. (Moved by Nicola Greer, seconded by Mark Hutchinson).

### **Item 2.4 *Matters Arising and Action Items***

The Board **noted** the Matters Arising and Action Items from the April meeting.

### **Item 2.5 *Proposed agenda topics for future meetings***

The Board **noted** the Proposed agenda topics for future meetings.

## **ITEM 3.0 HEALTH AND SAFETY**

### **Item 3.1 *Board Company Safety Report***

The Board **noted** the Company Safety Report.

Management noted that a delayed ISO audit will happen next week over 3 days.

The Chair of the SSC noted the Committee had a good discussion, particularly noting safety culture, behaviour, modification of those behaviours. Seriously good work has been undertaken on the safety roadmap. There is more work to do but the Committee is very comfortable where it's at and where its heading. Board thanked management for this important work.

The SSC felt that the ATS structure is very logical. However, the SSC heard from ATS management that there are issues around regulatory and the ownership of that being aligned with the ability to control what they are accountable for. The SSC looks forward to the audit of policy and standards currently underway which will come back to the SSC in June with the audit report.

The SSC also spent time looking at two electrical incidents and work is under way to address these quickly. Learnings of those incidents are still in progress; however, culture, leadership and communications are key themes. Timely reminder on our obligations and importance of hearts and minds. Trend of patterns will be flagged with Directors on fatigue management if the risk profile warrants this. The Fatigue Management Group meets every six months with membership that includes ALPA, AMEA, ATS, Technology, Safety and Dr Rob Griffith. Current state of mental health could be contributing to this, but it's their truth - good to see this reporting and response.

**ACTION:** Gavin to share his induction plan with other directors in case anyone wishes to join aspects of it.

## **ITEM 4.0 PERFORMANCE**

Item 4.1 **CEO Executive Summary and Company Performance Report**

The Board **noted** the CEO Executive Summary and Company Performance Report. The CEO noted that demand is there and from a revenue stand point, we generated revenue of \$11.5 million last month and tracking to 12.5 million this month. It is pleasing to see signs of recovery. On CEA bargaining – the board noted the emailed update from James. The MOT Review is currently awaiting a slot with Cabinet to approve the Terms of Reference. Katie B updated the Board on AIAL APLE. She expects that next month the deal will be presented to Directors with s9(2)(i)

*The Board took a break from 2.40pm – 2:50pm.*

**ITEM 5.0 PAPERS FOR APPROVAL OR ENDORSEMENT**

Item 5.1 **Statement of Corporate Intent and Budgets draft Update**

Management spoke to the Board's feedback about articulating the aspiration more clearly, but noted their view that a refreshed strategy is needed in order to do that. Zero emissions zero waste target by 2050 – while we could do an earlier date, we would rather do an evidence-based consideration. Gavin suggested we reword to say we have aspirations, but not identify specifics until the evidence-based targets are clearer.

**ACTION:** Jamie to rework with Gavin.

**ACTION:** Mark H requested that we develop a one-page strategy like the Air New Zealand model.

The Board **reviewed** and **approved** the draft Statement of Corporate Intent (SCI) and **approved** the draft 10-year budget for valuation purposes, noting it has been derived off the Price Plan. (Moved by Lisa Jacobs, seconded by Nicola Greer).

*Tim Bradding and Sally Williams joined the Board meeting at 2:47pm.*

s9(2)(g)(i), s9(2)(i)&s9(2)(j)

s9(2)(g)(i) & s9(2)(i)

*Tim Bradding and Sally Williams left and Sharon Cooke joined the Board meeting at 3:05pm.*

Item 5.3 **Ground Based Navigation Aids (GBNAs) to complete NZ's minimum operating network**

The Chair thanked Sharon for the paper.

Management outlined the background to the paper – namely, that the new southern skies consortium identified the need for a minimum operating network. The pain point identified was around the Kaikoura earthquake. The GBNAs weren't on the ground anymore as Air New Zealand didn't require them. On the back of that, AIL engaged with MoT to test whether we could get government funding based on a public need. This will be a good PR story, noting it is confidential until there is a budget announcement. There will be a lot of people who see this has a positive impact. This is part of a trilogy outside of core business – SBAS is next.

Discussion moved to the PSR replacement, the Board reflected on some of the feedback from customers on PSR noting there are two separate questions on PSR. First, on balance does this stand as necessary as an investment. The Board decided it was necessary previously and is not seeking to reopen that decision, even though there were a range of views on that. The second question is who funds it. If a security rationale, then this further supports exploring direct funding from government.

**ACTION:** A conversation with MoT on similar lines which Sharon and James could take forward to explore the opportunity for PSR funding.

**ACTION:** Kim Nichols spoke to the review on PSR and took an action to reshare both the papers with Directors.

The board **noted** the context, initial ROM pricing, and next steps, and **approved** the updated Rough Order of Magnitude (ROM) Pricing of s9(2)(i) for Government budgetary purpose (moved by Nicola Greer, seconded by Lisa Jacobs).

Item 5.4 **Loan Facility Changes ACNZ**

s9(2)(i)

Item 5.5 **Call on Unpaid Shares**

The Board: (a) **approved** a proposed call on Unpaid Shares of \$9 million for the quarter 1 July 2022 to 30 September 2022; (b) **approved** the Chair to sign the Certificate of Director (Appendix A) confirming in respect of the relevant quarter that the Rolling Cash Forecast and Cash Reconciliation are true, accurate and not misleading, noting the CFO and CEO have prepared the cashflow based on all available information at the time; and (c) **authorised** the CEO to sign and send the Call Notice

if the Authorised Representative determines that a Trigger Event has occurred under the Subscription Agreement.

(moved by Denise Church, seconded by Lisa Jacobs).

**ITEM 6.0 PAPERS FOR INFORMATION**

No matters were raised.

**ITEM 7.0 PAPERS FOR DISCUSSION**

No matters were raised.

**ITEM 8.0 OTHER MATTERS**

Item 8.1 *Next Board Meeting Arrangements*

The next Board meeting will be held on a date to be determined.

Item 8.2 ***Board Workplan 2022***

The Board **noted** the work plan for 2022.

**CLOSE OF MEETING**

There being no further business, the formal Board meeting concluded at approximately 4:30PM and was followed by a period of Board only discussion.

s9(2)(a)



.....  
Chair

.....  
Date