

OC240498

6 June 2024

Irene

fyi-request-26665-3f5f4086@requests.fyi.org.nz

Tēnā koe Irene

I refer to your email dated 8 May 2024, requesting the following briefings under the Official Information Act 1982 (the Act):

- “-OC230894 Air New Zealand: licence variations*
- OC240068 Meeting with New Zealand Airports Association*
- OC240069 Meeting with Mark Troughton, CEO of Freightways*
- OC240136 Update on the ICAO audit*
- OC240060 Background to Air Services Agreements*
- OC240085 North Shore Airport*
- OC240128 Air Navigation System Review and the Interim Aviation Council*
- OC231136 Aviation New Zealand Parliamentary function – March 2024”*

Of the eight briefings requested, six are released with some information withheld, one is refused and one is withheld.

Certain information is withheld or refused under the following sections of the Act:

- 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
- 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)(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
- 18(d) the information requested is or will soon be publicly available

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Hilary Penman
Manager, Accountability and Correspondence

Annex 1: Document Schedule

Doc #	Reference number	Document	Decision on request
1	OC230894	Air New Zealand: Licence Variations	Released with some information withheld under Sections 9(2)(a) and 9(2)(b)(ii).
2	OC240068	Meeting with New Zealand Airports Association	Refused under Section 18(d). The briefing is available on the Ministry's website: refer to page 80 of this link: https://www.transport.govt.nz/assets/Uploads/AdviceProvidedtoSupportConversationswithLobbyingGroups.pdf
3	OC240069	Meeting with Mark Troghear, CEO of Freightways	Released with some information withheld under Sections 9(2)(a) and 9(2)(b)(ii).
4	OC240136	Update on the ICAO Audit	Withheld under Section 6(a).
5	OC240060	Background to Air Services Agreements	Released with some information withheld under Sections 6(a), 9(2)(a), 9(2)(b)(ii) and 9(2)(g)(i).
6	OC240085	North Shore Airport	Released with some information withheld under Sections 9(2)(a), 9(2)(f)(iv) and 9(2)(h).
7	OC240128	Air Navigation System Review and the Interim Aviation Council	Released with some information withheld under Section 9(2)(a).
8	OC231136	Aviation New Zealand Parliamentary Function – March 2024	Released with some information withheld under Section 9(2)(a).

5 February 2024

OC230894

Hon Matt Doocey
Associate Minister of Transport

Action required by:
Wednesday, 14 February 2024

AIR NEW ZEALAND: LICENCE VARIATIONS

Purpose

Agree to vary Air New Zealand's Scheduled International Air Service Licence to permit code sharing to New Delhi with an airline of a third country; and to remove capacity restrictions that were incorporated in the licence in response to COVID-19.

Key points

- Air New Zealand's Licence currently permits code sharing to New Delhi only by way of an arrangement with Air India. The proposed licence variation removes that restriction, thereby permitting Air New Zealand to code share to New Delhi ^{s 9(2)(b)(ii)}
- In 2020, Air New Zealand's Licence was among those varied to incorporate provisions allowing capacity restrictions to be imposed in response to COVID-19, with a view to reducing the demand on Managed Isolation Quarantine facilities.
- You are the licencing authority for Air New Zealand.
- A replacement Licence for Air New Zealand, and a notice of your decision for publication in the *New Zealand Gazette*, are attached for your signature.

Recommendations

We recommend that pursuant to section 87J of the Civil Aviation Act 1990 and a delegation from the Minister of Transport, you:

- | | | |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1 | vary Air New Zealand's Scheduled International Air Service Licence to remove the restriction on code share services to New Delhi, thereby permitting code-sharing with an airline of a third country | Yes / No |
| 2 | vary Air New Zealand's Scheduled International Air Service Licence to remove capacity restrictions that were incorporated in response to COVID-19 | Yes / No |
| 3 | sign the attached replacement Scheduled International Air Service Licence in the name of Air New Zealand Limited | Yes / No |

- 4 **sign** the attached notice for publication in the *New Zealand Gazette*, advising that you have varied Air New Zealand's Scheduled International Air Service Licence as per recommendations 1 and 2 above. Yes / No



Bronwyn Turley
Deputy Chief Executive - Regulatory
30 January 2024

Hon Matt Doocey
Associate Minister of Transport
..... / /

- Minister's office to complete:**
- Approved Declined
- Seen by Minister Not seen by Minister
- Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bronwyn Turley, Deputy Chief Executive - Regulatory	s 9(2)(a)	✓
Garrick Wood, Acting Manger, Aviation and Maritime		
Shereen Faraj, Policy Advisor, Aviation and Maritime		


RELEASED UNDER THE OFFICIAL INFORMATION ACT 1982

AIR NEW ZEALAND: LICENCE VARIATIONS

Airline licensing, and code-sharing

- 1 All international airlines operating to/from New Zealand are required to hold a licence, pursuant to the Civil Aviation Act 1990. Among other things, the licence sets out how often, and over what routes, airlines can operate pursuant to an air services agreement negotiated between New Zealand and another country. The Ministry of Transport monitors the compliance of each airline with their licence, and thereby ensures adherence with the relevant air services agreement.
- 2 You are the licensing authority for New Zealand international airlines, including Air New Zealand, that hold a scheduled international air service licence.
- 3 Code sharing is a marketing arrangement under which an airline places its flight code on an aircraft operated by another airline and sells tickets for that flight under its name. This enables airlines to sell seats on routes they do not themselves operate. Air New Zealand, for example, places its NZ code on flights operated by Singapore Airlines to, among other destinations, Manila, Mumbai, and Munich.

Air New Zealand has requested variations to its Scheduled International Air Service Licence

- 4 Air New Zealand's Licence currently permits code sharing to New Delhi only by way of a code-share arrangement with Air India. ^{§ 9(2)(b)(ii)}

- 5 Air New Zealand has requested the removal from its Licence of provisions inserted in 2020 in response to COVID-19. The provisions allowed for a temporary cap on the airline's passenger numbers to enable the management of those passengers into isolation or quarantine facilities upon arrival in New Zealand.
- 6 Where an application to vary a licence includes a change to the routes to be operated or an increase in capacity, you are required to take into account matters specified in section 87F of the Civil Aviation Act. These matters are:
 - 6.1 any relevant international agreement, convention, or arrangement to which New Zealand is a party
 - 6.2 the safety and security requirements of the Director of Civil Aviation
 - 6.3 the financial ability of the applicant to carry on the proposed service
 - 6.4 the likelihood of the applicant carrying on the proposed service satisfactorily
 - 6.5 any written representations received by the Minister in relation to the application
 - 6.6 such other matters as you see fit.

Relevant arrangements and agreements

- 7 The proposed variations to Air New Zealand's Licence would be consistent with the relevant bilateral air services agreements and arrangements in force between New Zealand and the associated countries.

Code sharing to New Delhi

- 8 New Zealand and India signed a Memorandum of Understanding, on 29 August 2023, that permits New Zealand airlines to code share to New Delhi with airlines of third countries. This was as part of wider amendments negotiated with India, including to the Air Services Agreement, on which we will be reporting to you separately.

Managed Isolation Quarantine (MIQ)

- 9 As COVID-19 has been declared to be no longer a global health emergency, Air New Zealand has asked for the removal of the MIQ restrictions inserted in its Licence in July 2020. All foreign airlines which had the same restrictions imposed, and for which delegated Ministry officials were the licensing authority, have already had them removed.
- 10 The MIQ provisions allowed for a temporary restriction on passenger numbers. As MIQ no longer exists, it is appropriate to remove the restriction as its continued inclusion could be perceived as a capacity constraint. Upon removal, Air New Zealand's Licence would revert to the version that preceded the MIQ provisions (except for variations that have occurred since July 2020) and passenger capacity for own aircraft operations would be as previously stipulated in the licence.

Safety and security requirements

- 11 Air New Zealand holds a current Air Operator Certificate issued by the Director of Civil Aviation. The Certificate meets the safety and security requirements of the Director and is valid until 26 May 2025.

Financial ability and likelihood of carrying on proposed services

- 12 Air New Zealand, which is majority owned by the New Zealand Government, is a long-established international carrier, has appropriate financial resources and is capable of carrying on the services covered by its licence satisfactorily.

Written representations

- 13 Public notice of Air New Zealand's application for the licence variations in relation to code sharing to New Delhi and the removal of the COVID-19 capacity restrictions was published in the *New Zealand Gazette* on 2 October 2023. The period for the receipt of representations expired on 26 October 2023. No representations were received.

Other matters

- 14 There are no other matters, as determined by you, that need be taken into account.

Notice in the *New Zealand Gazette*

- 15 Section 87J(6) of the Act requires that, where you have agreed to vary Air New Zealand's Licence, notice of this should be published in the *New Zealand Gazette*. A notice is attached for your signature if you agree.
- 16 The Minister of Transport has delegated to you the authority to vary Air New Zealand Licence.

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

NOTICE OF VARIATION OF A SCHEDULED INTERNATIONAL AIR SERVICE LICENCE

Further to a notice in the *New Zealand Gazette* of 26 October 2023, and pursuant to section 87J(6) of the Civil Aviation Act 1990, I, Matt Doocey, Associate Minister of Transport, acting under a delegation from the Minister of Transport, give notice that, having received an application from Air New Zealand Limited, have varied the Scheduled International Air Service Licence held by that airline to:

- remove the restriction on code share services to New Delhi, thus permitting code-sharing with an airline of a third country
- remove capacity restrictions that were incorporated into the airline's licence in response to COVID-19.

The variations took effect from the date of signature below.

Signed at this day of 2024.

Hon. Matt Doocey
Associate Minister of Transport

RELEASED UNDER
THE OFFICIAL INFORMATION ACT 1982

I, MATT DOOCEY, Associate Minister of Transport, pursuant to section 87J of the Civil Aviation Act 1990, acting under a delegation from the Minister of Transport VARY and REPLACE the Scheduled International Air Service Licence first granted on 19 August 1997 to **Air New Zealand Limited** (“the licensee”) of Auckland, New Zealand, a designated airline of the Government of New Zealand, for the carriage of passengers, cargo and mail. Such carriage is to be in accordance with the conditions specified in this Licence.

1 Replacement Licence

This is a varied licence and replaces the licence issued to the licensee with effect from 11 February 2022.

2 Routes and Capacity

The licensee may carry on scheduled international air services in both directions over the routes listed in the attached Annex and with the capacity stated therein.

3 Nature of Service Filings

- a The licensee shall file with the Secretary for Transport:
 - i a statement of the nature of the services proposed to be operated for each IATA schedule period; and
 - ii any proposed amendment to that statement, not less than 30 days ahead of their effective date, or at such shorter notice as the Secretary may allow.
- b Nature of service filings shall include, in respect of each service to be operated:
 - i the period of operation, with dates;
 - ii the points to be served and the route to be followed;
 - iii the aircraft type to be used, and, for passenger services, the seating configuration;
 - iv the capacity to be purchased on any code-shared services using the aircraft of another airline, and the name of that airline;
 - v the frequency of the service per week; and
 - vi the flight numbers of the service.
- c The Secretary for Transport shall either acknowledge such filing in respect of each air service or refer such a filing to the Minister of Transport for consideration.
- d The Minister of Transport may either disallow a nature of services filing so referred or direct the Secretary for Transport to acknowledge such a filing.
- e The Minister of Transport shall advise the licensee of the reasons for disallowing such a filing and may invite the licensee to lodge an amended filing with the Secretary for Transport.
- f No new or amended nature of services filing shall take effect unless and until it is acknowledged by the Secretary for Transport.
- g The Minister of Transport may at any time disallow, in whole or in part, an existing nature of services filing referred to the Minister by the Secretary for Transport.

4 Insurance

The licensee shall maintain insurance to cover liability that may arise out of or in connection with the air services provided by the licensee pursuant to the provisions of this licence in respect of the death of or bodily injury to any person, and in respect of loss of or damage to any property.

5 Tariffs

The licensee shall file tariffs for information purposes when requested to do so by the Secretary for Transport.

6 Financial and Statistical Returns

The licensee shall file with the Secretary for Transport such financial and statistical returns and statements as the Secretary requests.

7 Inter-Governmental Arrangements

Where the Government of New Zealand has entered into agreements and/or arrangements relating to air services with the Government of another country or territory, the scheduled international air services between New Zealand and that country or territory authorised by this licence shall be conducted in compliance with those agreements and/or arrangements.

Whether or not there are such agreements and/or arrangements in force, to exercise the rights granted by the Licence, the licensee must substantially owned and effectively controlled by New Zealand nationals.

8 Operational, Safety and Security Standards

Except for code-sharing or wet-leasing capacity arrangements involving the use of the aircraft of another airline that holds the appropriate operating authorisation, the licensee shall operate the international air services authorised by this Licence in accordance with the appropriate operating authorisation issued to the licensee by the Director of Civil Aviation of the Civil Aviation Authority of New Zealand.

9 Duration

This licence, issued to Air New Zealand Limited, shall take effect on signature and shall, unless suspended or revoked, remain in force until and including 1 May 2027.

Hon Matt Doocey
Associate Minister of Transport

Dated: at ...this ...day of

Annex

Country	Route and Capacity Entitlements for Air New Zealand Limited
Argentina	Route Points in New Zealand, optionally via intermediate points in the South Pacific and South America, to Buenos Aires, and optionally beyond to any point or points.

Country	Route and Capacity Entitlements for Air New Zealand Limited
	<p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>With regard to the beyond points, Rio de Janeiro and Sao Paulo are available for own-aircraft or code-share services. All other beyond points are available on the basis that Air New Zealand is the marketing carrier in a code-share arrangement with another airline as the operating carrier.</p>
Australia	<p>Route</p> <ol style="list-style-type: none"> 1 Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to any point or points in Australia, and optionally beyond. 2 As a Single Aviation Market airline: between points in Australia. 3 For all-cargo services only: between Australia and any point or points. <p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>
Austria	<p>Route</p> <p>Points in New Zealand to any point or points in Austria, optionally via any point or points.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised between points in Austria and the intermediate points of Bangkok, Hong Kong and Singapore.</p>
Belgium	<p>Route</p> <p>Points in New Zealand via any points to points in Belgium and beyond to any points.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised between points in Belgium and either the intermediate or beyond points.</p>
Brazil	<p>Route</p> <p>Points in New Zealand, optionally via intermediate points, to points in Brazil and optionally beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
Brunei Darussalam	<p>Route</p> <p>Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to Brunei Darussalam, and optionally beyond.</p> <p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>

Country	Route and Capacity Entitlements for Air New Zealand Limited
Cambodia	<p>Route</p> <p>Points in New Zealand, optionally via intermediate points, to Cambodia, and optionally beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport</p>
Canada	<p>Route</p> <p>Points in New Zealand, via intermediate points, to a point or points in Canada, and to points beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
Chile	<p>Route</p> <ol style="list-style-type: none"> 1 Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to a point or points in Chile, and optionally beyond. 2 Between Chile and any point or points. <p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>
China	<p>Route</p> <ol style="list-style-type: none"> 1 For combination services: points in New Zealand to points in China. 2 For code-shared services where Air New Zealand is the marketing carrier in a code-share arrangement with a Chinese operating carrier: points in New Zealand, optionally via intermediate points, to points in China and optionally to points beyond China. 3 For code-shared services where Air New Zealand is the marketing carrier in a code-share arrangement with a third-country operating carrier on the sector further from New Zealand: points in New Zealand to points in China and beyond to Abu Dhabi. 4 For cargo-only services: points in New Zealand, via intermediate points, to points in China and beyond. <p>Capacity</p> <p>For combination services: up to twelve services per week with any aircraft type.</p> <p>For code-shared services where the licensee is the marketing carrier in a code-share arrangement with a Chinese operating carrier or third country operating carrier: as filed with and acknowledged by the Secretary for Transport.</p> <p>For cargo-only services: as filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>Points in China do not include the Hong Kong Special Administrative Region and the Macau Special Administrative Region.</p>
Colombia	<p>Route</p> <p>Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to a point or points in Colombia and optionally beyond.</p> <p>Capacity</p> <p>Code-share only: as filed with and acknowledged by the Secretary for Transport, with the licensee to be the marketing carrier.</p>

Country	Route and Capacity Entitlements for Air New Zealand Limited
	<p>Note</p> <p>Fifth freedom traffic rights may not be exercised.</p>
<p>Cook Islands</p>	<p>Route</p> <ol style="list-style-type: none"> 1 Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to a point or points in the Cook Islands and optionally beyond. 2 Between the Cook Islands and any point or points. <p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>
<p>Denmark</p>	<p>Route</p> <p>Points in New Zealand, via intermediate points, to a point or points in Denmark, and to points beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
<p>Fiji</p>	<p>Route</p> <p>Points in New Zealand to Nadi, and optionally beyond to Rarotonga, Papeete, Tokyo or Osaka, two other points in Japan, Seoul, Honolulu, Los Angeles, Vancouver, Toronto.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>Services beyond Nadi to Osaka may only be operated pursuant to a commercial agreement between Air New Zealand and the designated airline of Fiji</p>
<p>France</p>	<p>Route</p> <ol style="list-style-type: none"> 1. From any points behind New Zealand, optionally via any intermediate points, to any points in French Polynesia, and optionally beyond to any points. 2. Points in New Zealand to Noumea. <p>Capacity</p> <p>For Route 1: As filed with and acknowledged by the Secretary for Transport.</p> <p>For Route 2: For own-aircraft services: up to three return services per week, with aircraft not exceeding 350 seats;</p> <p>For code-share services (where the licensee is the marketing carrier): as filed with and acknowledged by the Secretary for Transport.</p> <p>Notes</p> <p>For Route 1: Points in the French Republic (including New Caledonia) are not permitted as points behind New Zealand, or as intermediate points or as beyond points.</p>
<p>Germany</p>	<p>Route</p> <ol style="list-style-type: none"> 1 Points in New Zealand, optionally via any intermediate points, to points in Germany, and optionally beyond. 2 For all-cargo services only: between Germany and any point or points. <p>Capacity</p>

Country	Route and Capacity Entitlements for Air New Zealand Limited
	As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.
Hong Kong	<p>Route</p> <ol style="list-style-type: none"> 1 For own-aircraft services: <ol style="list-style-type: none"> a Points in New Zealand to Hong Kong. b Points in New Zealand, optionally via Melbourne, to Hong Kong, and optionally beyond to London. 2 For code-shared services: Points in New Zealand, optionally via any point/s (excluding mainland China and Taiwan), to Hong Kong, and optionally beyond to any point/s (excluding Mainland China and Taiwan). <p>Capacity</p> <p>For Route 1a: as filed with and acknowledged by the Secretary for Transport.</p> <p>For Route 1b: up to nine frequencies per week with any aircraft type. For code-shared services (where the licensee is the marketing carrier): as filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>For code-shared services, fifth freedom and stopover traffic rights may not be exercised between Hong Kong and either the intermediate or beyond points.</p>
India	<p>Route</p> <p>Points in New Zealand, optionally via Singapore, Hong Kong, Bangkok and two points in Australia, to Bangalore, Chennai, Hyderabad, Kochi, Kolkata, Mumbai and New Delhi.</p> <p>Capacity</p> <p>Code-share only: as filed with and acknowledged by the Secretary for Transport, with the licensee to be the marketing carrier.</p> <p>Notes</p> <p>Fifth freedom traffic rights may not be exercised.</p>
Indonesia	<p>Route</p> <ol style="list-style-type: none"> 1 Points in New Zealand to Denpasar. 2 Points in New Zealand, via Singapore, to Balikpapan, Denpasar, Jakarta, Medan and Surabaya. <p>Capacity</p> <p>For Route 1: up to seven return services per week, using aircraft with a maximum of 400 seats.</p> <p>For Route 2: code-share only, with the licensee to be the marketing carrier - as filed with and acknowledged by the Secretary for Transport.</p>
Ireland Ireland (contd.)	<p>Route</p> <p>From points behind New Zealand via New Zealand and intermediate points to and between points in Ireland and beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised between points in Ireland and either the intermediate or beyond points.</p>

Country	Route and Capacity Entitlements for Air New Zealand Limited
Italy	<p>Route</p> <p>Points in New Zealand, optionally via intermediate points, to points in Italy and optionally to points beyond.</p> <p>Capacity</p> <p>Code-share only, with the licensee to be the marketing carrier: as filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised.</p>
Japan	<p>Route</p> <p>Points in New Zealand, optionally via intermediate points, to points in Japan and optionally to points beyond.</p> <p>Capacity</p> <p>For own-aircraft services to and from Haneda Airport: up to three return services per week, with any aircraft type.</p> <p>For own-aircraft services to and from points in Japan other than Haneda Airport: as filed with and acknowledged by the Secretary for Transport.</p> <p>For code-share services, as the marketing carrier: as filed with and acknowledged by the Secretary for Transport.</p> <p>Notes</p> <ol style="list-style-type: none"> 1 Fifth freedom traffic rights may be exercised to and from points in Japan, other than Tokyo. 2 Own stopover traffic may be carried. 3 Co-terminal rights may be exercised at any point in Japan.
Korea	<p>Route</p> <p>Points in New Zealand, optionally via intermediate points, to points in Korea.</p> <p>Capacity</p> <p>For own-aircraft services: up to five return services per week with any aircraft type.</p> <p>For code-share services, as the marketing carrier: as filed with and acknowledged by the Secretary for Transport.</p>
Laos	<p>Route</p> <p>Points in New Zealand, optionally via intermediate points, to points in Laos and optionally beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
Malaysia Malaysia (contd.)	<p>Route</p> <p>Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to any point or points in Malaysia and optionally beyond.</p> <p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>
Mexico	<p>Route</p> <p>Points in New Zealand to a point or points in Mexico, optionally via any point or points and beyond to any point or points.</p>

Country	Route and Capacity Entitlements for Air New Zealand Limited
	<p>Capacity</p> <p>For third/fourth freedom services: as filed with and acknowledged by the Secretary for Transport.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised at the intermediate or beyond points, but own-stopover passengers may be carried.</p>
Netherlands	<p>Route</p> <p>Points in New Zealand, via any intermediate point, to Amsterdam.</p> <p>Capacity</p> <p>For code-share services: as filed with and acknowledged by the Secretary for Transport, with the licensee to be the marketing carrier.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised.</p>
Niue	<p>Route</p> <p>Points in New Zealand, optionally via Tonga, to Niue.</p> <p>Capacity</p> <p>Up to two return serv services per week.</p>
Philippines	<p>Route</p> <ol style="list-style-type: none"> 1 Points in New Zealand, optionally via Singapore, to points in the Philippines. 2 Points in New Zealand to Manila. <p>Capacity</p> <p>For route 1: code-share only, with the licensee to be the marketing carrier - as filed with and acknowledged by the Secretary for Transport.</p> <p>For route 2: up to three services per week with any aircraft type.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised, but own-stopover passengers may be carried on route 1.</p>
Russia	<p>Route</p> <p>Points in New Zealand, optionally via Singapore, to Moscow and optionally beyond to Stockholm.</p> <p>Capacity</p> <p>Code-share only: as filed with and acknowledged by the Secretary for Transport, with the licensee to be the marketing carrier.</p>
Samoa	<p>Route</p> <ol style="list-style-type: none"> 1 Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to a point or points in Samoa and optionally beyond. 2 Between Samoa and any point or points. <p>Capacity</p>

Country	Route and Capacity Entitlements for Air New Zealand Limited
	As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.
Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	<p>Route</p> <p>Points in New Zealand to a point or points in the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, optionally via any point and beyond to any point.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
Singapore	<p>Route</p> <ol style="list-style-type: none"> 1 Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to Singapore, and optionally beyond. 2 Between Singapore and any point or points. <p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>
South Africa	<p>Route</p> <p>Points in New Zealand, optionally via points in Australia, and separately Singapore, to any point in South Africa.</p> <p>Capacity</p> <p>For code-shared services: as filed with and acknowledged by the Secretary for Transport.</p>
Spain	<p>Route</p> <p>Points in New Zealand, optionally via any intermediate point/s, to two points in Spain and optionally beyond to any point/s.</p> <p>Capacity</p> <p>Code-share only: as filed with and acknowledged by the Secretary for Transport, with the licensee to be the marketing carrier.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised.</p>
Sri Lanka	<p>Route</p> <p>Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to Sri Lanka, and optionally beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
Sweden Sweden (contd.)	<p>Route</p> <p>Points in New Zealand, via intermediate points, to a point or points in Sweden, and to points beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
Switzerland	<p>Route</p> <p>Points in New Zealand to a point or points in Switzerland, optionally via any point and beyond to any point.</p>

Country	Route and Capacity Entitlements for Air New Zealand Limited
	<p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
<p>Thailand</p>	<p>Route</p> <p>Points in New Zealand, optionally via intermediate points, to points in Thailand, and optionally beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p> <p>Notes</p> <ol style="list-style-type: none"> 1 There is unlimited capacity for the exercise of third and fourth freedom traffic rights. 2 Fifth freedom traffic rights may be exercised on up to 21 frequencies per week, with any aircraft type.
<p>Tonga</p>	<p>Route</p> <ol style="list-style-type: none"> 1 Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to a point or points in Tonga and optionally beyond. 2 Between Tonga and any point or points. <p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>
<p>Turkey</p>	<p>Route</p> <p>Points in New Zealand, via any intermediate points, to any point or points in Turkey and beyond to any point.</p> <p>Capacity</p> <p>Code-share only: as filed with and acknowledged by the Secretary for Transport, with the licensee to be the marketing carrier.</p> <p>Note</p> <p>Fifth freedom traffic rights may not be exercised.</p>
<p>United Arab Emirates</p>	<p>Route</p> <p>Points in New Zealand, via intermediate points, to points in the United Arab Emirates and beyond.</p> <p>Capacity</p> <p>As filed with and acknowledged by the Secretary for Transport.</p>
<p>United Kingdom</p>	<p>Route</p> <p>Points in New Zealand, via intermediate points, to points in the United Kingdom and beyond</p> <p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>
<p>United States of America</p>	<p>Route</p> <ol style="list-style-type: none"> 1 Optionally from points behind New Zealand, via New Zealand, and optionally via intermediate points, to any point or points in the United States of America, and optionally beyond. 2 For all-cargo services only: between the United States of America and any point or points.

Country	Route and Capacity Entitlements for Air New Zealand Limited
	<p>Capacity</p> <p>As filed with the Secretary for Transport for either acknowledgement or information purposes in accordance with section 3 of this Licence.</p>
<p>Vanuatu</p>	<p>Route</p> <p>Points in New Zealand to points in Vanuatu.</p> <p>Capacity</p> <p>For own-aircraft services: up to four return services per week with any aircraft type.</p> <p>For code-shared services: as filed with and acknowledged by the Secretary for Transport.</p>
<p>Viet Nam</p>	<p>Route</p> <ol style="list-style-type: none"> 1 Points in New Zealand, optionally via Hong Kong, to Ho Chi Minh City. 2 Points in New Zealand, optionally via Singapore, to Da Nang, Ha Noi and Ho Chi Minh City. <p>Capacity</p> <p>Code-share only: as filed with and acknowledged by the Secretary for Transport, with the licensee to be the marketing carrier.</p> <p>Notes</p> <ol style="list-style-type: none"> 1 Fifth freedom traffic rights may not be exercised between Hong Kong and Ho Chi Minh City. 2 Fifth freedom traffic rights may not be exercised between Singapore and each of Da Nang, Ha Noi and Ho Chi Minh City.
<p>Other</p>	<p>Route</p> <p>Such additional routes as may from time to time be approved by the Minister of Transport subject to any conditions that may be imposed by the Minister in respect of those additional routes.</p> <p>Capacity</p> <p>Such additional capacity as may from time to time be approved by the Secretary for Transport subject to any conditions that may be imposed by the Minister in respect of that additional capacity.</p>

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7 February 2024

OC240069

Hon Simeon Brown
Minister of Transport

MEETING WITH MARK TROUGHEAR, CEO OF FREIGHTWAYS

Snapshot

Mark Troguear has invited you to discuss a range of transport matters, including revenue and investment, s 9(2)(b)(ii), decarbonisation s 9(2)(b)(ii). We have provided background and suggested talking points on these policy areas.

Time and date	12.00pm – 12.30pm, 9 February 2024
Venue	Auckland Policy Office (Kauri Room)
Attendees	Mark Troguear, CEO of Freightways
Officials attending	Karen Lyons, Director Auckland
Agenda	Freightways wishes to discuss: <ul style="list-style-type: none"> reforming the road pricing system s 9(2)(b)(ii) decarbonisation s 9(2)(b)(ii).
Talking points	Talking points have been provided as Annex 1.

Contacts

Name	Telephone	First contact
Siobhan Routledge, Acting Deputy Chief Executive	s 9(2)(a)	✓
Karen Lyons, Director Auckland		
Marian Willberg, Manager Freight and Supply Chain		

MEETING WITH MARK TROUGHEAR, CEO OF FREIGHTWAYS

Key points

- Freightways provides couriers and express delivery services and has been operating since 1964. Mark Troughear has been with Freightways since 1996 and CEO since 2018.
- Mark wants to discuss a range of transport matters, including Freightways' views on the revenue system and investment in the roading network. We have provided background information on these policy areas below and suggested talking points in Annex 1.
- Freightways supports overhauling New Zealand's road pricing system, with a user-pays focus. It also supports introducing congestion charging, starting in Auckland.
- Freightways is concerned with under-investment in New Zealand's roading network and the uncertainty created by 'on-again, off-again' decision making by central government. It supports the Roads of National Significance programme and striking long-term partnerships and funding agreements with local government entities.
- More generally, Freightways wants longer-term certainty about project pipelines and funding and policy stability. Freightways supports creating a clear pathway for private capital.
- Mark may share with you Freightways' decarbonisation journey, ^{s 9(2)(b)(ii)}

Background

Freightways supports a review and reform of the road pricing system with a user-pays focus

- 1 Freightways is a publicly listed NZX50 company, operating in the express package and business mail, information management and waste renewal industries. Its businesses, which include New Zealand Couriers and Post Haste, employ or engage approximately 4,000 people in New Zealand (and around 2,000 people in Australia).
- 2 Given its size, Freightways is likely to operate a vehicle fleet comprised of diesel trucks and light electric vehicles subject to Road User Charges (RUC), and light commercial vehicles using petrol that are subject to Fuel Excise Duty (FED). Freightways has indicated it supports a review and overhaul of New Zealand's road pricing system, focusing on a consistent user-pays system.
- 3 The Government has begun work to progress a fleet-wide transition to RUC. This will create a consistent charging system that is based on how much people travel on the roads and the weight of their vehicle. The first change to charge light electric vehicles RUC will start on 1 April 2024.
- 4 While the FED system is retained for some vehicles, it results in petrol vehicle owners contributing to the National Land Transport Fund based on the fuel economy of their vehicle (rather than their level of road use). As fuel economy of vehicles improves, in

particular for hybrid vehicles, this creates a potential revenue risk. It particularly disadvantages people with older and less fuel-efficient vehicles.

- 5 The transition to RUC is initially focused on bringing all light vehicles into the system. There may be opportunities to consider the cost allocation methodology and the amount paid by heavy vehicles, the use of technology and electronic distance charging. In particular, there were some improvements and changes to the RUC system that were proposed in 2021 through the Ministry's consultation on *Driving Change: Reviewing the Road User Charges System*. There will be opportunities through the shift of all vehicles into the RUC system to provide you with further advice on and implement some of these proposals. You may like to ask Mark what changes Freightways would seek in relation to RUC for heavy vehicles.

Freightways supports introducing congestion charging – first and foremost in Auckland

- 6 Freightways supports introducing “time of use” or congestion charging in New Zealand. It is keen to provide input to officials as work in this area progresses. Overseas examples of time of use pricing suggest that freight companies are one of the main beneficiaries. Such companies can pass the costs on but benefit from reduced light passenger vehicle traffic.
- 7 Officials are working on advice to progress time of use pricing under this Government. There will be opportunities for Freightways to engage as this work and legislative change progresses. Officials will work with Auckland Council and Auckland Transport to ensure the best scheme is designed for Auckland, as well as in other cities.

Freightways wants more investment in New Zealand's roading network

- 8 Freightways supports bringing back the Roads of National Significance programme and striking long-term partnerships and funding agreements with local government entities. Additionally, Freightways believes creating a clear pathway for private capital would be beneficial to New Zealand's economic and social success.
- 9 You may wish to mention that you plan to release the draft Government Policy Statement on land transport for public consultation shortly, and that it will prioritise new Roads of National Significance, road maintenance and pothole repair and encourage the use of alternative funding models for transport infrastructure delivery.

s 9(2)(b)(ii)

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s 9(2)(b)(ii)

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s 9(2)(b)(ii)

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Freightways is working to decarbonise its company operations and vehicle fleet

15 Mark may raise Freightways' efforts to reduce its emissions. It was named a Top 10 Carbon Reducer by Toitū Envirocare in 2020, reducing its emissions by more than 5,000 tonnes in that year. Freightways is currently assessing if there are suitable electric replacements for its courier vans and heavy vehicles.

16 The Government's approach to reducing emissions from the freight sector will be developed through the second emissions reduction plan, due at the end of 2024. You may wish to ask Mark what the main challenges are for Freightways to reduce the emissions across its freight operations, including access to suitable electric trucks.

17 Mark may raise the Road User Charge exemption for heavy electric vehicles. It was introduced to support the uptake of zero emissions heavy vehicles by lowering their operating costs and is set to expire on 31 December 2025. There are some revenue impacts from the exemption, although vehicle numbers are low. Some in industry have asked for it to be extended to 2030, to provide certainty. The Ministry can provide you with further advice and options analysis on request.

s 9(2)(b)(ii)

18

s 9(2)(b)(ii)

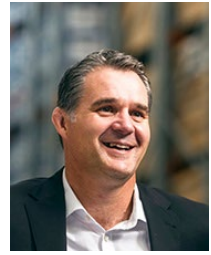
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Biography

Mark Troghear

Mark has been the Freightways CEO since 2018, having held a range of roles with the company since 1996. These included General Manager of Post Haste in 2003 and General Manager for Freightways in 2009.



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Annex 1: Talking Points

MEETING WITH MARK TROUGHEAR, CEO OF FREIGHTWAYS

Reforming the revenue system and adding new tools

- The Government has begun work to bring all vehicles into the road user charges system. This will create a more consistent charging system based on how much people travel and their vehicle's weight.
- Our initial focus has been on bringing light electric vehicles into the RUC system, which will start from 1 April 2024. There may be opportunities to look at the RUC settings for heavy vehicles too.
- **Question:** What would Freightways seek in relation to heavy vehicle RUC?
- The Government supports introducing time of use charging in New Zealand, but this will require a law change. We want to create a framework that ensures the more efficient use of the land transport network. Any law change will include public consultation.
- We will also consider wider use of tolling and value capture rating to fund infrastructure.

Investing in roading infrastructure and options to make the system more future focused

- I am writing a new Government Policy Statement on Land Transport, and plan on releasing it for public consultation shortly. It will prioritise new Roads of National Significance, and road maintenance.
- I intend to move towards a 10 year pipeline of work for the National Land Transport Programme. The Government is interested in ensuring that we provide a strong environment to encourage the use of public private partnerships for infrastructure delivery.

s 9(2)(b)(ii)

Reducing emissions s 9(2)(b)(ii)

- The government's approach to reducing transport emissions is being developed through the second Emissions Reduction Plan.
- **Question:** What are Freightways' main challenges to decarbonising freight?

s 9(2)(b)(ii)

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s 9(2)(b)(ii)



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16 February 2024

OC240060

Hon Matt Doocey
Associate Minister of Transport

cc Hon Simeon Brown
Minister of Transport

BACKGROUND TO AIR SERVICES AGREEMENTS AND NEGOTIATIONS

Purpose

Provide information to assist you in your role as Minister with responsibility for air services agreements (ASAs) and negotiations - a responsibility that has close connections to your Tourism and Hospitality portfolio.

Key points

- International air services are vital to New Zealand's global connectivity.
- The Ministry of Transport is the lead agency for the negotiation of ASAs.
- We have followed a successful policy of negotiating open skies ASAs. These give airlines the flexibility to respond rapidly to changing market conditions and to take up new opportunities. We have open skies ASAs with most of our major tourism markets, and with the governments of hub airlines that provide connections around the world.
- There are, however, some ASAs we have with a few trading partners that are less than optimal. The issues with these agreements are long-standing and have no easy resolution. We continue to work with the Ministry of Foreign Affairs to find solutions.

Recommendation

We recommend you **note** the contents of this briefing on New Zealand's air services agreements and negotiations.

A handwritten signature in black ink, appearing to read "Bronwyn Turley".

Bronwyn Turley
Deputy Chief Executive – Regulatory

..16... / ..02.... / .2024.....

Hon Matt Doocey
Associate Minister of Transport

..... / /

- Minister's office to complete:**
- Approved
 - Declined
 - Seen by Minister
 - Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bronwyn Turley, Deputy Chief Executive - Regulatory	s 9(2)(a)	✓
Ken Hopper, Senior Licensing Adviser		

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BACKGROUND TO AIR SERVICES AGREEMENTS AND NEGOTIATIONS

Background

1. Under an international system dating back to the 1940s, airlines are able to operate international services only where the right to do so has been expressly permitted in a bilateral air services agreement (ASA) or one of a number of multilateral agreements. An ASA is required for both passenger and cargo-only scheduled services.
2. Among other things, ASAs set out the routes airlines may operate and the amount of capacity they are entitled to provide. Aviation safety and security articles are standard, as are provisions relating to “doing business” matters such as the establishment of local offices, employment of staff and the repatriation of earnings.
3. New Zealand’s long-standing International Air Transport Policy promotes the negotiation of ASAs that will increase New Zealand’s global connectivity.
4. One aspect of the Policy is that officials are required to take into account the particular needs of Pacific Island countries. The small size of their markets, and the high costs associated with operating an airline, present Pacific Island countries with significant challenges in attracting and maintaining air service links. Samoa is a particular example. It previously had an international airline capable of operating to New Zealand and Australia, but is now dependent on the airlines of other countries, especially Air New Zealand.

Drivers for negotiating ASAs

5. Due to the success we have had in negotiating open skies agreements that provide adequate levels of airline access with New Zealand’s principal tourism markets, the impetus for future air services negotiations will largely be:
 - responding to a request for negotiations from an existing air services partner (as occurred in 2023 with Solomon Islands (on which we are preparing a separate briefing for you and the Minister of Foreign Affairs), or a prospective new partner
 - responding to a request from a New Zealand airline seeking an air services opportunity that does not currently exist
 - proactively seeking to address unresolved issues with air services partners, e.g., France (discussed at paragraph 28 below).

Code-sharing

6. Code-sharing is a marketing tool that enables an airline to sell tickets under its flight designator, e.g., NZ for Air New Zealand and QF for Qantas, on flights operated by another airline. Code-sharing benefits airlines by:

- Allowing the sale of a through ticket, which appears higher on computer reservation systems than a ticket sold by sectors. For example, Air New Zealand can sell a through Auckland – Frankfurt ticket in code-share partnership with Singapore Airlines, where Air New Zealand operates the Auckland – Singapore sector and Singapore Airlines the Singapore – Frankfurt sector. A ticket sold showing different airlines for the two sectors would appear lower in a computer reservation system and would be less likely to sell.
 - Enabling them to offer services to destinations they cannot viably operate with their own aircraft. Air New Zealand, for example, places its code on flights to a wide range of destinations in Asia, Europe and North America that are operated by its partner airlines.
 - Generating additional traffic to bolster otherwise thin routes. For example, when Air New Zealand operated to Buenos Aires otherwise empty seats could be filled by passengers coming from flights operated by Aerolineas Argentinas to Brazil and Colombia on which Air New Zealand sold tickets under a code-share arrangement. Such code-sharing was possible due to ASAs negotiated by New Zealand with each of Brazil and Colombia.
7. Because it is an exercise of traffic rights between countries, an ASA is required before code-share services can be offered.

Air services and tourism

8. The tourism industry's contribution to the country's economy would be severely limited without the international flights made possible by New Zealand's ASAs.
9. ASAs are in place with all New Zealand's major tourism source markets. Many of these are open skies agreements, i.e., there are no restrictions on the number of flights, the routes to be operated or on the origin/destination of traffic that may be carried.
10. Significant open skies agreements include those with Australia, Canada, the United Kingdom and the United States (the latter under the *Multilateral Agreement on the Liberalization of International Air Transportation*, which also includes Brunei, Chile, Cook Islands, New Zealand, Singapore, Tonga and, on a cargo-only basis, Mongolia).
11. The ASA with China, on the other hand, provides for 70 passenger services per week for the airlines of each side. There are no restrictions on the number of cargo-only flights.
12. A notable feature of New Zealand's international aviation profile, but not uniquely so, is that a number of the most significant airlines in terms of numbers carried are not from tourism source markets. Airlines that are well positioned geographically in the Middle East and Southeast Asia, but from countries with small domestic markets, use this advantage to link different parts of the globe. Emirates Airline, Qatar Airways and Singapore Airlines are in this category. As is Abu Dhabi-based Etihad, which operates to Australia but code-shares to New Zealand.

13. This helps explain why no European airlines operate to New Zealand and why Air New Zealand ceased flying to London (and, earlier, to Frankfurt). For European carriers, New Zealand represents a long, thin route that would support only a limited number of services. Economic rationale makes for passengers to be carried by mid-point airlines that can aggregate passengers. European carriers participate in the New Zealand market through code-sharing on those mid-point carriers, e.g., Spanish carrier Iberia code-shares on Qatar Airways' New Zealand services.
14. Expanding our existing ASAs or entering into new ASAs with emerging markets (following a commercial decision by airlines to operate direct flights to New Zealand) is likely to increase the volume of international arrivals, which could grow the export value of international tourism. However, tourism stakeholders, academics and the media have indicated social licence concerns about increasing the volume of international visitor arrivals. There is especial regard to the carbon emissions of international aviation, and the impact of visitation on local communities and the environment.
15. Any expansion of ASAs and/or increase in direct flight numbers is likely to increase the volume of tourists visiting New Zealand, and may exacerbate these concerns.

Looking ahead

16. We will put a priority on new or amended agreements where the current arrangements are standing in the way of an airline commencing or expanding services. Under the provisions of ASAs, we have a treaty-level obligation to meet with existing bilateral partners if they request it.
17. s 9(2)(b)(ii)

18. There are a number of cases (notably Hong Kong – mainland China, metropolitan France and Japan,) discussed below, where Air New Zealand is interested in offering services, but the partner government is not willing to engage.
19. Two airlines we are watching are:
 - Thai Airways has not returned to New Zealand after ceasing services at the outset of COVID-19. We do not know the reason for this, but the airline had long been a significant contributor to New Zealand's international connectivity. Tourism officials at the Ministry of Business, Innovation and Employment (MBIE) are seeking further information about this from the Ministry of Foreign Affairs and Trade (MFAT).
 - Turkish Airlines has been expanding rapidly over the past decade. It has an extensive international route network, and a well-placed hub at Istanbul's new airport. The airline has announced plans to start services to Australia in 2024 and may consider operating to New Zealand. Turkish Airlines could be expected to compete, particularly with Emirates and Qatar Airways, in the New Zealand – Europe market and to grow the size of this.
20. There are no New Zealand-imposed regulatory barriers to services by the two airlines.

Some particular air services matters

Association of Southeast Asian Nations (ASEAN)

21. In September 2023, we achieved a long-sought objective with the negotiation of an ASA with ASEAN. This will replace New Zealand's individual ASAs with each of the ten ASEAN members (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam). The ASEAN ASA was sought for two main reasons:

- The individual ASAs with ASEAN members range from some of our most open to some of our most restrictive. The ASEAN ASA lifts the overall quality of New Zealand's air services arrangements with the ASEAN members.
- Although individual ASAs do not differ significantly in substance, they can in the detail, e.g., as relates to aviation safety and security and doing business matters. The ASEAN ASA standardises these different provisions, thus simplifying matters, particularly for New Zealand airlines operating to ASEAN members.

22. Because it is a multilateral treaty, the ASEAN ASA requires Cabinet approval. This involves preparing a National Interest Analysis (NIA). Officials will prepare the NIA together with the accompanying Cabinet paper, for your signature.

China

23. Further to air services negotiations in 2017, New Zealand airlines have the right to operate 70 passenger services per week to China, and Chinese airlines have the right to operate 70 passenger services per week to New Zealand.

24. Air New Zealand currently operates a daily service to Shanghai.

25. Currently, four Chinese carriers operate a total of 50 services per week. A fifth Chinese carrier, Sichuan Airlines, has advised it intends to resume services to Auckland in April 2024, after exiting the route at the start of the pandemic. Sichuan Airlines has yet to advise how many services per week it intends to operate. If Chinese carriers' growth returns to pre COVID levels, an amendment to the air services arrangements may become necessary.

26. s 6(a), s 9(2)(b)(ii)

Fiji

27. Fiji Airways is a successful operator benefitting from high tourism traffic and a central location in the Pacific. s 6(a), s 9(2)(b)(ii)

France

28. New Zealand's 1967 ASA with France provides for services to New Caledonia and French Polynesia, but not to metropolitan France. The ASA allows Air France to operate to New Zealand from France, but Air New Zealand can neither operate its own aircraft nor code-share in the opposite direction. ^{s 9(2)(b)(ii)}

India

29. Further to new inter-governmental arrangements concluded with India in August 2023, Air New Zealand now has the ability to code-share to the important traffic-generating market of New Delhi with its preferred partner, Singapore Airlines. ^{s 9(2)(b)(ii)}

ir New Zealand has code-shared, for a number of years, to six other destinations in India on services operated by Singapore Airlines.

30. MFAT is leading efforts to encourage Air India to commence non-stop services to New Zealand by 2026. This would greatly benefit Indian students studying in New Zealand, and those visiting friends and relatives. ^{s 9(2)(g)(i)}

Japan

31. Japan is one of the key visitor markets to New Zealand. Air New Zealand currently operates ten services per week to Tokyo's Narita Airport. The airline would prefer to operate to Haneda Airport, which is closer to downtown Tokyo and also offers better connections to domestic services on which Air New Zealand could code-share. Haneda, however, is capacity constrained and obtaining slot allocations there at customer-friendly times is difficult. No Japanese airline operates to New Zealand, but Japan Airlines and All Nippon Airways both offer code-share services.

South America

32. Air New Zealand ceased services to Buenos Aires at the onset of COVID-19, and has not indicated it will resume flights. Chile's LATAM provides the only direct air service between New Zealand and South America, with a service to Auckland that continues to Sydney. Because the Australian market is larger, there is a possibility that LATAM may choose to cease operating to Auckland in favour of flying non-stop to Sydney. There would then be no direct services between New Zealand and South America, which would be a setback to the overall relationship with the continent.

New Zealand international airlines

33. In addition to Air New Zealand, three other New Zealand airlines are licensed to operate scheduled international services:

- Air Chathams holds a licence under which it operates services between Auckland and Norfolk Island. The licence is flexible enough to allow the airline to expand services to and within Australia, if it wished to do so.
- Airwork, based in Auckland, currently operates domestic freight services in Australia under contract to Toll Holdings. These services utilise rights granted under New Zealand's ASA with Australia.
- Texel Air was licensed in 2023. ^{s 9(2)(b)(ii)} [REDACTED] Texel, which has a related and longer-established cargo airline company in Bahrain (both founded by New Zealander John Chisholm), may consider services to other international destinations ^{s 9(2)(b)(ii)} [REDACTED].

Consultation

34. A draft of this paper was shared with MBIE (Tourism Environment and Economy), and comments received are incorporated.

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21 February 2024

OC240085

Hon Simeon Brown**Minister of Transport**

NORTH SHORE AIRPORT

Purpose

To provide background on the North Shore Airport's (the Airport's) application for airport authority status under the Airport Authorities Act 1966. You requested a briefing after you received an invitation from the Airport which refers to this application. You subsequently declined the Airport's invitation.

Key points

- On 23 June 2020, North Shore Airport made an application to the Ministry of Transport for airport authority status under the Airport Authorities Act 1966 (the Act).
- The Airport is a small aero club owned aerodrome that supports several aviation businesses including air transport and flying schools. It has plans for expansion.
- Airport authority status is not necessary for the development of an airport but provides powers that can make the process easier.
- The Ministry provided advice on the application and the Minister (Hon Michael Wood) attended a community meeting to help inform his decision. Ultimately the Ministry recommended airport authority status be granted, but advised it was open to the Minister to make a different decision.
- The Minister decided not to recommend that the Governor-General grant airport authority status to the Airport. His reasons included concerns about the Airport being a helpful addition to the network, future infrastructure requirements, and a lack of sufficient community consultation by the Airport.
- The Airport wrote to the subsequent Minister (Hon David Parker) requesting a review of the decision.

- s 9(2)(h)

- s 9(2)(f)(iv)

Recommendations

We recommend you:

- 1 **Note** that North Shore Airport requested that Hon David Parker review the decision by Hon Michael Wood to not recommend that the Airport be granted airport authority status under the Airport Authorities Act 1966
- 2 **Note** that no review of the decision was undertaken prior to the New Zealand General Election on 14 October 2023
- 3 s 9(2)(f)(iv)

 Bronwyn Turley
 Deputy Chief Executive – Regulatory
 Group
 .20/ .02. /2024

 Hon Simeon Brown
 Minister of Transport
 / /

Minister’s office to complete: Approved Declined
 Seen by Minister Not seen by Minister
 Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bronwyn Turley, Deputy Chief Executive – Regulatory Group	s 9(2)(a)	✓
Matthew Green, Chief Legal and Procurement Manager		

NORTH SHORE AIRPORT

North Shore Airport is a small aero club owned airfield

- 1 North Shore Airport (the Airport) is owned by North Shore Aero Club Incorporated.
- 2 The Airport is a small regional airport located at 270/284 Postman Road, Dairy Flat, and has been operated for over 60 years. The Airport is currently used for private general aviation operations, flight training and light commercial airline services. Its sealed runway is 791 meters long (which compares to around 2,000 meters at Wellington Airport).
- 3 The airport has plans for expansion including scheduled commercial services.

North Shore Airport applied for Airport Authority Status in 2020

- 4 On 23 June 2020, the Airport applied to the Ministry of Transport for airport authority status under the Airport Authorities Act 1966 (the Act).
- 5 The Airport indicated that its interest in authority status was to help protect its status as an airport. The Airport viewed airport authority status as a way to keep pace with the changing operational environment and as an important step for its development.

Airport authority status supports, but is not necessary to develop an airport

- 6 While airport authority status is not needed to develop an airport, the additional powers it provides may support such plans.
- 7 Airport authority status provides airports with powers, responsibilities, and obligations under a range of New Zealand legislation. It allows airports to make bylaws (subject to approval by the Minister of Transport) and is one step in the process of obtaining access to the Public Works Act 1981. There are over 30 airports in New Zealand operating under airport authority status, ranging from international airports through to smaller airfields.

8 s 9(2)(h)



The previous Minister considered the application through a series of advice and meetings

The initial application

- 9 Following community consultation, the Ministry advised Minister (Hon Michael Wood) that there was no evidence that the Airport would not be able to satisfactorily carry out the responsibilities of an airport authority (OC210040 refers).

- 10 There was a risk of opposition from the community. Concerns raised during consultation largely centred around aircraft noise and lack of community engagement.¹ However, submissions were roughly divided in half between those supporting and opposing the proposal.
- 11 We recommended that the Minister agree that airport authority status should be conferred on the Airport.

Further advice

- 12 The Minister asked for further advice from the Ministry.
- 13 The Ministry advised that modest growth of the Airport would have a neutral to slightly positive impact in contributing to the transport outcomes strategic framework, the proposal would not have a negative impact on housing, and local impacts were appropriately dealt with by local planning processes (OC210685 refers).
- 14 The advice also noted that: (OC210991 refers)
- The potential increase in greenhouse gas emissions from any proposed expansion of activities at the Airport with the introduction of commercial flights is expected to be minimal.
 - The locations of the current network of airports in New Zealand was largely driven by developments in aircraft technology, military requirements and increasing recognition of domestic (and international) air transport, not the result of strategic design.
- 15 The Ministry recommended that the Minister agree that airport authority status should be conferred on the Airport, subject to the condition that it should be required to comply with the statutory obligations of an airport company (most airport authorities are companies whereas North Shore Aero Club is an incorporated society).
- 16 The Minister subsequently attended a community meeting to help inform his decision about whether to recommend the granting of airport authority status to the Airport.

The Minister declined the application

- 17 The Ministry provided the Minister with further advice summarising the factors which may be considered when assessing an application for airport authority status, largely reiterating the advice detailed above (OC220569 refers).
- 18 This advice set out the broad discretionary power, as outlined above, and concluded that while the Ministry's recommended approach remains to approve the decision, it would be open to the Minister to not grant the application.
- 19 The Minister decided not to recommend that the Airport be granted airport authority status. The Minister indicated concerns about the following:
- Whether the Airport would be a helpful addition to the network,

¹ Similar concerns were raised by the West Auckland community during consultation in 2019 when West Auckland Airport (Parakai) applied for Airport Authority Status. West Auckland Airport was granted Airport Authority Status in 2020 by the then Minister of Transport, Hon Phil Twyford.

- What the infrastructure requirements would be if the Airport grew, and
- Whether there has been sufficient consultation with the community about the Airport's future plans.

The airport sought a review of the Minister's decision

20 The Airport wrote to the subsequent Minister (Hon David Parker) requesting a review of the decision.

21 s 9(2)(h)

s 9(2)(f)(iv)

22 A decision on the Airport's request for a review was not made prior to the New Zealand General Election on 14 October 2023. The decision on whether to recommend to the Governor-General to grant airport authority status now sits with you.

23 s 9(2)(f)(iv)

24

25

The Civil Aviation Act 2023 will make changes to the process for the future

26 For your awareness, the Civil Aviation Act 2023 will replace the Act when it comes into force on 5 April 2025. Once this happens, airports can apply to the Secretary of Transport for registration, rather than to the Minister for authorisation. The Ministry has previously advised that the Airport could apply again under the new provision. The Airport would like the issue considered ahead of that timeframe.

27 Under this new provision, the Secretary is explicitly required to consider specified factors, including whether registration is consistent with the purpose of the Civil Aviation Act 2023.

27 February 2019 2024

OC240128

Hon Simeon Brown
Minister of Transport

Click to enter a date or delete this + "Action required by:"

AIR NAVIGATION SYSTEM REVIEW AND THE INTERIM AVIATION COUNCIL

Purpose

Provide background on the Air Navigation System Review (as requested following your meeting with NZ Airports on 9 February 2024).

Key points

- The previous government commissioned an independent panel to undertake a high-level, first principles review of the air navigation system. The Panel delivered its final report in May 2023.
- The Panel concluded that the system is safe and well-regarded. However, the Panel identified a lack of system thinking and leadership, which leads to risks to aviation system integrity and performance, security and resilience, and New Zealand's ability to benefit from emerging technologies. The Panel considered that New Zealand is falling behind comparable jurisdictions, affecting our ability to be a fast follower and integrate with other systems.
- The Panel made nine recommendations to strengthen the system. These include improved system leadership, identifying critical system components, funding, understanding the value of the aviation sector, workforce (including regulatory capability), engagement with Māori and leveraging international relationships.
- The Ministry has convened an Interim Aviation Council (the Council), comprised of senior leaders from the public and private sectors. The Council is a foundational action. We will work with the Council to develop a National Aviation Policy Statement and prioritise action on other Panel recommendations.

Recommendations

We recommend you:

- 1 **note** that the Ministry has established an Interim Aviation Council as a foundational action in addressing the recommendations of the Air Navigation System Review
- 2 **indicate** whether you wish to discuss the Air Navigation System Review or the Interim Aviation Council with officials. Yes / No



Bronwyn Turley
Deputy Chief Executive, Regulatory Group
 27/02/2024...

Hon Simeon Brown
Minister of Transport
 / /

- Minister's office to complete:**
- Approved
 - Declined
 - Seen by Minister
 - Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bronwyn Turley, Deputy Chief Executive, Regulatory Group	s 9(2)(a)	✓
Sonya van de Geer, Principal Adviser		

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AIR NAVIGATION SYSTEM REVIEW AND THE INTERIM AVIATION COUNCIL

The air navigation system is critical infrastructure

- 1 The air navigation system is a critical part of New Zealand's core infrastructure, enabling the safe operation of aircraft.
- 2 A modern and responsive air navigation system is essential to keeping New Zealand safe, connected, growing, resilient and secure. New Zealanders derive significant value from the system – both directly and indirectly.
- 3 The system also enables access to essential public services, including healthcare via air ambulance services in emergencies and routine patient transfers. It is also critical for civil defence and emergency responses across the nation and the wider South Pacific region.
- 4 The aviation system is innovative, productive, and growing. Airspace and aircraft innovation is expanding the potential for future business activity, foreign direct investment, and productivity growth.

An independent panel undertook a review of the air navigation system

- 5 Stakeholders had raised a number of issues regarding the air navigation system, including:
 - The lack of a high-level statement of the principles and objectives for our air navigation system
 - Concern that the regulatory settings are not responsive enough to grasp the opportunities and manage the risks of new technologies
 - Concerns about cross-subsidisation in the system and funding for air navigation services with public good components.
- 6 In response to these issues, the previous government commissioned an independent panel to undertake a high-level, first principles review of the air navigation system. The Panel delivered its final report in May 2023.

The panel concluded that the system is safe but needs to adapt

- 7 The Panel concluded that the system is safe and is well regarded. While it is not in crisis, the system needs change to effectively manage emerging technologies and new threats, thereby ensuring the system is fit for the future.

Global disruptive forces are placing demands on the system

- 8 The Panel highlighted that global disruptive forces for change are placing increasing demands on system agencies and actors to think and behave as a more interconnected system. Changes include:
 - Airspace modernisation and integration of new and emerging technologies

- Advanced cyber technology and security capability requirements
- Decarbonisation of aviation and adapting to the impacts of climate change
- Dynamic tensions and shifts in the geopolitical environment
- Increasing global and regional interoperability.

More system-level thinking is required

- 9 The Panel contended that the system's role as a critical national infrastructure is undervalued. They found that its broader role in delivering a range of economic, social, environmental, and cultural benefits is not well understood.
- 10 The Panel identified a lack of system thinking and leadership, which poses risks to system integrity and performance, security and resilience, and our ability to benefit from emerging technologies. The Panel considered that New Zealand is falling behind comparable jurisdictions, which will affect our ability to be a fast follower and integrate with other systems.

The Panel made nine system-level recommendations

- 11 The Panel made nine recommendations (attached as Annex 1). These include improved system leadership, identifying critical system components, funding, understanding the value of the aviation sector, workforce (including regulatory capability), engagement with Māori and leveraging international relationships.
- 12 The Panel's Terms of Reference required it to take a system-level view. Accordingly, its recommendations were designed to strengthen system settings, enable decisions based on robust information, and place a strong focus on effective implementation with the necessary resources, skills, and relationships at hand. The Panel did not make detailed recommendations about the levels of future investment required, how a user pays plus funding model might be applied, or agency form.
- 13 We agree with the higher system-level view taken by the independent panel. Consideration of the Panel's recommendations provides a valuable framework to address the wider issues facing the aviation sector.

We need system leadership first, before we can deliver the other recommendations

- 14 Under the broad heading of system leadership, the panel recommended that we should drive system leadership, direction and performance through:
- A ministerially appointed interim and permanent Aviation Council with whole-of-system oversight responsibilities
 - A new and long-range National Aviation Policy Statement (NAPS)
 - A Flight Plan for New Zealand: a medium-term direction for aviation and air navigation.
- 15 These foundational actions can set the direction and framework for considering the other recommendations.

	Panel Recommendation	Status
1	Drive system leadership, direction and performance	The Interim Aviation Council is a direct response to this recommendation. We will be looking to work with the Aviation Council to develop a National Policy Statement.
2	Protect ANS infrastructure, services, and connections that are critical to national safety, security and resilience	Recommendations 2 – 5 are to be prioritised and developed in collaboration with the Interim Aviation Council.
3	Build a picture of the air navigation system's contribution to the national benefit	
4	Create a system scorecard.	
5	Develop a workforce strategy	
6	Engage proactively and deliberately with iwi Māori.	This is an ongoing action for government agencies and should be considered by other sector participants as appropriate.
7	Regulatory infrastructure	Work to deliver the CAA's 2022-2027 Regulatory Safety and Security Strategy is ongoing. The upcoming CAA Funding Review will look into the capabilities, capacity, and sustained resource that CAA needs to meet its own and system strategic goals.
8	Drive investment into the system	This recommendation is to be prioritised and developed in collaboration with the Aviation Council.
9	Leverage international relationships	This is an ongoing action for all sector participants.

Stakeholders support establishing an aviation council

- 16 There is strong support for the idea of an aviation council. While some stakeholders emphasised the Ministry's system stewardship role, there was widespread acknowledgement that government and industry need to work together.
- 17 We proposed, and the previous Minister agreed, that an Interim Aviation Council, chaired by the Secretary of Transport, should be set up as a first step. This was to facilitate work to get underway while efforts are made on the composition and resourcing of a Ministerially appointed permanent Aviation Council.
- 18 The initial functions of the Interim Aviation Council are:
- i. To scope and work with officials to develop a National Aviation Policy Statement.
 - ii. To advise on the sector response to, and prioritisation of, the Air Navigation System Review panel recommendations.
 - iii. Work with the Ministry of Transport to develop terms of reference for a permanent Aviation Council.

- iv. Enable government and industry to voice their opinions and provide advice and recommendations on how to address challenges facing the sector and how best to embrace opportunities.
- 19 We have sent invitations to members of the Aviation Council¹, and the first meeting will be held on 15 March 2024.

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¹ The members of the Interim Aviation Council are Ministry of Transport (chair), Civil Aviation Authority, Ministry of Business, Innovation and Employment, New Zealand Defence Force, Air New Zealand, Airways New Zealand, Aviation New Zealand, Board of Airline Representatives in New Zealand, NZ Airports, Auckland Airport, New Zealand Airline Pilots Association, a representative who can bring a te ao Māori perspective, and a representative of emerging technologies.

Annex 1

Air Navigation System Review – Summary of Recommendations

Recommendation 1

Drive system leadership, direction, and performance through:

- a ministerially appointed **interim and permanent Aviation Council** with whole-of-system oversight responsibilities;
- a new and long-range **National Aviation Policy Statement (NAPS)**; and
- a **Flight Plan for Aotearoa New Zealand**: a medium-term aviation and air navigation direction.

Recommendation 2

Protect the ANS infrastructure, services, and connections that are critical to national safety, security and resilience through:

- **defining the minimum operating network, service provision and performance standards** for national safety, security, and essential service connections; and
- **decoupling provision of minimum infrastructure and service levels from full dependence on user-generated revenue.**

Recommendation 3

Build a picture of the **air navigation system's contribution to the national benefit** by articulating and measuring the system's current and potential contribution, including social, environmental, economic, and cultural outcomes.

Recommendation 4

Create accountabilities for system-wide performance and benefit delivery using a **system scorecard**.

Recommendation 5

Develop a workforce strategy, in support of the Flight Plan, to **map and close the gap between current and future workforce** diversity, culture, capacity and capability.

Recommendation 6

Engage proactively and deliberately with iwi Māori to explore and give effect to rights, interests, and opportunities in the air navigation system.

Recommendation 7

Strengthen the system's regulatory infrastructure by:

- **developing a detailed regulatory roadmap** based on the CAA delivering its 2022-2027 Regulatory Safety and Security Strategy²⁸ and aligned with the Flight Plan; and
- **ensuring the regulator has the capabilities, capacity, and sustained resource** to meet its own and system strategic goals.

Recommendation 8

Drive investment into the system through:

- retaining **user pays plus** as the base funding model;
- **additional and targeted Crown investment** in critical infrastructure, major capital projects, and research and development: user pays plus; and
- opening options for **alternative sources of capital**.

Recommendation 9

Leverage our relationships to influence the international agenda and further Aotearoa New Zealand's sovereign interest.

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28 February 2024

OC231136

Hon Simeon Brown
Minister of Transport

AVIATION NEW ZEALAND PARLIAMENTARY FUNCTION – MARCH 2024

Snapshot

You are attending the Aviation New Zealand Parliamentary function. The event is an opportunity for Aviation New Zealand members to meet with Ministers, officials, and other aviation stakeholders.

You have agreed to provide a short speech at the function highlighting key issues and/or pieces of work on aviation. Following your speech there will be a Q&A session and light refreshments.

Time and date	5:30pm, Tuesday 5 March 2024
Venue	Grand Hall, Parliament Building, Wellington
Attendees	Attendees include aviation stakeholders, Government Ministers and officials from the public sector and Crown entities. Biographies for Ashok Poduval, President and Simon Wallace, Chief Executive of Aviation NZ are attached (Annex 1).
Run sheet	Will be provided nearer to time.
Media	Media have been invited.
Speaking notes	Speech notes are attached (Annex 2).

Bronwyn Turley
Deputy Chief Executive - Regulatory
.28 / 02 / 2024

Hon Simeon Brown
Minister of Transport
..... / /



Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Bronwyn Turley, Deputy Chief Executive, Regulatory Group	s 9(2)(a)	✓
Tom Forster, Manager, Aviation and Maritime		
Shereen Faraj, Policy Advisor, Aviation and Maritime		

Aviation New Zealand

- 1 Formed in 1950, Aviation NZ serves as the representative body for the commercial general aviation sector, with eight divisions covering a broad range of sub-sectors. Aviation NZ has 300 members, ranging from large operators such as Air New Zealand to small owner-operated businesses. Together, they contribute \$2.1 billion annually to the economy.

Matters of interest to Aviation New Zealand

Civil Aviation Act 2023 Implementation

- 2 The Civil Aviation Act 2023 (the Act) was passed on 5 April 2023 and comes into force on 5 April 2025. It introduces changes to modernise the aviation regulatory system and comes into force on 5 April 2025
- 3 Aviation NZ made extensive submissions during the select committee process, including advocating for independent review of the Civil Aviation Authority Director's decisions. As you are aware, a system for enabling independent review of Director decisions was inserted into the Bill at Select Committee.
- 4 The Ministry has undertaken early engagement with Aviation NZ on potential regulations setting out which Director decisions would be reviewable. We will provide you with a briefing on the potential scope of regulations in March.
- 5 The Ministry of Transport and the Civil Aviation Authority are working together on the Act implementation programme. The sector will continue to operate under the Civil Aviation Act 1990 and the Airport Authorities Act 1966, while this work continues.

Sustainable Aotearoa and Decarbonisation of Aviation

- 6 New Zealand's aviation industry plays a pivotal role in fostering connectivity and fuelling economic growth, making a substantial contribution to our GDP.
- 7 Domestic aviation activities account for approximately 6.3 percent of New Zealand's emissions. While small when compared to other modes of transport, aviation is

considered a 'hard to abate' sector, thus there is still an urgent need to undertake work early to decarbonise the aviation sector.

- 8 To this end, Sustainable Aviation Aotearoa (SAA) was established in 2022. The SAA Leadership Group is made up of executive level representatives to provide governance and strategic direction, and influence actions within their own organisations.
- 9 Simon Wallace has written to the Ministry asking to join the SAA Leadership Group. Ministry officials are considering opportunities to improve the structure of SAA, and we will respond to Mr Wallace once next steps have been determined. If this is raised, you can reassure Mr Wallace that Aviation New Zealand will be included in future SAA business.

Air Navigation System Review

- 10 The previous government commissioned an independent panel to undertake a high level, first principles review of the air navigation system. The Panel delivered its final report in May 2023.
- 11 The Panel identified a lack of system leadership and recommended, among other things, that an Aviation Council be established.
- 12 An Interim Council has been set up, chaired by the Secretary of Transport. It will assist with developing a National Policy Statement and develop terms of reference for a permanent council.
- 13 Aviation NZ participated as part of the reference group set up to assist the Panel. Mr Wallace has also been invited to be a member of the Interim Council.

Pilot Training

- 14 Aviation NZ has long been vocal about the need to reduce barriers to pilot training for New Zealanders, primarily around the student loan funding cap. It is concerned that tertiary borrowing restrictions have resulted in a critical decline in the supply of commercial pilots in New Zealand and made aviation training less accessible and less affordable to certain demographic groups.
- 15 During the COVID-19 pandemic its primary focus was on the closure of New Zealand's borders, and the inability of pilot training schools to enrol new overseas students. The closure of the border led to L3Harris Airline Academy, one of the biggest pilot training schools in New Zealand, closing and consolidating its operations in Europe.
- 16 With borders now open most flight schools are back in operation and taking on international students.
- 17 With the end to the pandemic, it has become evident that the global pilot shortage is more acute than previously. Aviation NZ may resume advocating for the removal of the funding cap, which is the responsibility of the Minister of Tertiary Education.
- 18 The annual student loan cap of \$35,000 was put in place to limit the size of loans to aviation students.

- 19 There are no plans by the Minister of Tertiary Education to alter the student loan borrowing cap at the present time for the following reasons:
- 19.1 Aviation students and graduates still tend to have very large student loans that they are slow to repay. The longer it takes borrowers to repay student loans, the more costly that lending is for the Government.
- 19.2 The slow repayment of student loans is a reflection of the lack of employment opportunities available to aviation graduates, low starting salaries, and their long route to the possibility of a high paying job.
- 20 If this issue is brought up, we suggest you ask for any new information from the aviation sector that would support a better understanding of any demand and supply issues around commercial pilots in New Zealand.

Air Service Agreements

- 21 A significant number of Aviation NZ members are tourism operators. Air services agreements (ASAs) facilitate international arrivals and enabling New Zealanders to journey overseas, promoting mobility and economic growth.
- 22 Several initiatives are currently in progress to modernise our Air Service Agreements, strengthening New Zealand's ties to the rest of the world.
- 23 A noteworthy advancement which may benefit Aviation NZ members is the conclusion of an agreement with the Association of Southeast Asian Nations (ASEAN). With a population of nearly 654 million, ASEAN holds considerable importance as a partner for New Zealand. Trade ties with ASEAN are growing, and it is an important source of foreign students, tourists, and migrants for New Zealand. Approximately 80,000 individuals of Southeast Asian descent live in New Zealand.

Drones and uncrewed aircraft

- 24 Uncrewed Aerial Vehicle New Zealand (UAVNZ) is a division of Aviation New Zealand. It works to advocate for, and professionalise, the uncrewed aerospace sector in New Zealand. UAVNZ includes operators, manufacturers, researchers, Airshare (part of Airways New Zealand), Callaghan Innovation, and others focused on UAV industry growth.
- 25 Uncrewed aircraft (drones) can offer operational and productivity gains across a number of industries, especially in primary sectors such as forestry, agriculture, and dairy, which are key industries that the members of Aviation NZ are involved in.
- 26 In 2021, the Ministry, with the assistance of the Civil Aviation Authority, undertook public consultation on the introduction of a package of regulatory measures (including registration and basic pilot qualification), to progress drone integration and solve ongoing problems related to drone use. The Ministry continues to work on these regulatory issues, which are also important enablers for the advanced aviation and space sectors.
- 27 Ministry officials have recently met with UAVNZ leadership. UAVNZ is advocating for a licensing regime for drone operators as a way to further professionalise the sector.

UAVNZ also views licensing as a way to increase public acceptance of drones and improve the safety and wellbeing operators.

- 28 The main difference between licensing and basic pilot qualification is that the former involves the issuing of an aviation document¹ by the CAA, whilst the latter does not.

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¹ An aviation document is any licence, permit, certificate, or other document issued under the Civil Aviation Act 1990 to, or about, any person, aircraft, aerodrome, aeronautical product, or aviation-related service.

Annex 1: Key People



Ashok Poduval, President of Aviation New Zealand.

Ashok is also the Chief Executive of Massey University School of Aviation based in Palmerston North. Ashok has over 12,000 hours of airline jet flying experience and has held senior management roles at Gulf Air and as the Director of Flight Operations and Safety Services at IATA.



Simon Wallace, Chief Executive of Aviation New Zealand

Simon joined Aviation New Zealand as Chief Executive in August 2023, and his responsibilities include leading strategic development and implementation in accordance with the directives of the Aviation New Zealand Council.

Previously, Simon was Chief Executive Officer at the New Zealand Aged Care Association (NZACA). He has also held leadership positions at Tourism Industry Association of New Zealand (now Tourism Industry Aotearoa).

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Annex 2: Speech - Aviation New Zealand Parliamentary Function – March 2024

Simeon Brown

10 – 15-minute speech

Structure of this speech

- Introduction
- The role of aviation in an integrated transport strategy
- Policy and regulation encouraging the growth of aviation
- Civil Aviation Act 2023 Implementation
- Air Service Agreements
- Drones and the usage of airspace
- Air Navigation Systems Review
- Sustainable Aviation Aotearoa and Decarbonisation of Aviation
- Conclusion/wrap up

Introduction

- Kia ora koutou, and thank you for the warm welcome.
- I would like to thank Simon for the introduction and for the opportunity to speak here this evening.
- Before I begin, I would like to acknowledge the President of Aviation New Zealand, Ashok Poduval and the Chief Executive of Aviation New Zealand, Simon Wallace.
- I would also like to thank the members of Aviation NZ for all the great work you do. We have a fantastic aviation industry and this wouldn't be possible without all of your hard work and support.
- Evenings such as this one are a great opportunity to meet with you and talk about the Government's priorities.
- It is also important for me to further understand the commercial general aviation sector's priorities and how we can work together to achieve greater results and success.

The role of aviation in an integrated transport strategy

- This is an exciting time to be in the aviation industry. Aviation is critical to our economy and a vital part of our transport sector. It drives connectivity and economic growth and contributes in no small way to our GDP.
- Your industry is vital to New Zealand's prosperity and links with the rest of the world.
- The injection of tourism, talent and trade you enable benefits our cities, towns and regions.

Policy and regulation encouraging the growth of aviation

- We are committed to working collaboratively with the aviation industry to help address issues and create opportunities for the industry to flourish domestically and internationally.

- One of the ways of doing this is to remove barriers to progress in policy and regulations and allow the use of new technologies, while maintaining safety and managing transport emissions.
- We also want government aviation agencies to be as efficient as possible and provide value for money.

Civil Aviation Act 2023 Implementation

- Work is continuing on implementing the new Civil Aviation Act 2023, which was enacted in April last year.
- I am grateful for your support for the new Act, including the submissions Aviation New Zealand and many others made to the Transport and Infrastructure Committee back in 2021 and 2022.
- The Act is necessary to keep pace with a rapidly changing aviation environment, and our primary goal remains ensuring that New Zealand maintains a safe and secure civil aviation system.
- When it comes into force on 5 April 2025, the Act will introduce some welcome changes to help the sector better keep pace with the operating environment, while also recognising that our regulatory underpinnings are fundamentally sound.
- The Ministry of Transport and the Civil Aviation Authority are working closely together to implement this work.
- They will be involving sector participants throughout the coming year before the Act comes into force on 5 April 2025 – I encourage you and your members to take part in this process.

Air Service Agreements

- Tourism has and will continue to play an important role in the New Zealand economy.
- Air services agreements play a crucial role in supporting tourism by enabling international arrivals and allowing New Zealanders to travel abroad, fostering mobility and economic development.
- A significant development in our air services arrangements is the conclusion of an agreement with the Association of Southeast Asian Nations – known as ASEAN. Home to nearly 654 million people, ASEAN is a very important partner for New Zealand.
- This agreement will further strengthen our relationship with the region.
- I know that Aviation NZ members are active in this region, especially in Viet Nam. This agreement has the potential of leveraging on the thriving trade relationship New Zealand has with ASEAN being one of New Zealand's most significant sources of foreign students, tourists and migrants.

Drones and the usage of airspace

- There is a lot of interest in your sector around drones and the impact they may have on your operations.
- Our regulatory settings will need to keep up with technology so we can maximise the benefits of advanced drones used for commercial purposes, while managing the risks associated with smaller drones used primarily for recreational purposes.

- Drones have the potential to change how we move people and freight. They are already transforming how we undertake certain tasks across a wide range of sectors, and will continue to do so in ways we can't even imagine today.
- The government is committed to progressing work on regulatory settings to support the sector, including issues related to drone integration
- This work is the beginning of an ongoing and open dialogue with the aviation sector about the future of aviation in New Zealand, and the role you can play to help us achieve integration.

Air Navigation Systems Review

- The aviation industry, technology and our regulatory and security environments continue to evolve.
- The Air Navigation System Review, undertaken last year, identified a lack of system leadership and recommended among other things that an Aviation Council be established.
- An Interim Aviation Council has been established to assist with developing a National Policy Statement and terms of reference for a permanent council.
- Simon will sit on the Interim Council and I'm sure will contribute the views of you all to the work undertaken by the Council.
- The Council and the National Aviation Policy Statement are foundational actions and will provide an agreed basis on which the Government and private sector can work together to move the sector forward.

Sustainable Aviation Aotearoa and Decarbonisation of Aviation

- We are part of a global system, and that's why ensuring our aviation sector is sustainable is critical for its long-term future. I acknowledge that supporting aviation decarbonisation is a priority for most of you in the room.
- To fully understand what decarbonisation of the sector will entail, Sustainable Aviation Aotearoa has been set up. This is the Government's public-private partnership with the aviation sector. It will work to provide strategic direction for low-and-zero-emission aviation, and support the sector to accelerate the decarbonisation of aviation.

Conclusion/wrap up

- Aviation is continuously evolving and the Government will continue to work in partnership with the sector to ensure we are appropriately prepared for the future.
- We are committed to helping address issues and create opportunities for the aviation industry to flourish domestically and internationally.
- Events like this one are a great opportunity for us all to acknowledge and celebrate the work you have all done to contribute to this thriving industry.
- I wish you well for the rest of your evening.

FAQS

FAQ – Civil Aviation Act 2023 implementation

Will all the new policy proposals reflected in the Act be implemented by 5 April 2025?

- Implementation work is targeted at parts of the system that need to change now to enable the civil aviation system to safely continue without unnecessary disruption to business as usual. Anything not included in the implementation work can be brought in as time and resources allow.

When will the new drug and alcohol management system take effect?

- There will be a two-year transition period for drug and alcohol provisions, starting on 5 April 2025. During the transition time drug and alcohol management plans will be approved by CAA, so that the new regime is in place by 5 April 2027.

Which CAA decisions can be reviewed by the new independent review function?

- The scope of reviewable decisions (i.e. which decisions can be reviewed) will be set out in regulation. Sector participants will be consulted on which decisions will be reviewable as part of the regulation-making process, around the middle of this year.

FAQ – Sustainable Aotearoa and Decarbonisation of Aviation

What is Sustainable Aviation Aotearoa (SAA)?

- Sustainable Aviation Aotearoa (SAA) was established in 2022, as a public-private partnership (akin to the UK's Jet Zero Council), to provide advice and coordination on the decarbonisation of New Zealand's aviation sector.

How were the SAA Leadership Group membership chosen?

- Officials are reviewing SAA arrangements to ensure its membership appropriately reflects the sector. I look forward to Aviation New Zealand's future involvement with SAA.

How do you plan to support the decarbonisation of aviation in New Zealand?

- In addition to facilitating SAA, the Government will support the phase down of fossil fuels, by enabling the development of sustainable aviation fuels and technology to help decarbonise the sector.

Is the Government planning to introduce a Sustainable Aviation Fuel (SAF) mandate?

- I am currently reviewing advice I have received from MBIE officials on the proposal for a Sustainable Aviation Fuel (SAF) mandate, to determine the most appropriate next steps.

FAQ – Drones

What is the Government doing to enable Drone integration?

- We are looking at a regulatory work to enable drone integration in a safe and secure way.
- To accelerate the process MBIE is conducting the Airspace Integration Trials programme, which is focused on the safe testing, development, and market validation of drones.

What is being done to make sure drones are operating in safe ways?

- The government is looking at ways to address the aviation safety and security challenges that drones present. Tools to achieve this could include basic pilot accreditation; drone registration; remote identification; and geo-awareness.

FAQs – Air Navigation System Review

What did the Panel recommend?

- The panel made nine recommendations to strengthen the system. These include improved system leadership, identifying critical system components, funding, understand the value of the aviation sector, workforce (including regulatory capability), engagement with Māori and leveraging international relationships.

What will the Interim Council do?

- The Interim Council's functions include:
 - Working with officials on a National Aviation Policy Statement
 - Helping to prioritise the recommendations from the Air Navigation System Review; and
 - Enabling an exchange of views on how to address challenges and embrace the opportunities facing the sector.

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