

OC241337

9 December 2024

Tēnā koe

I refer to your email dated 13 November 2024, requesting the following information under the Official Information Act 1982 (the Act):

*“Brown OC240833 2/08/2024 Update on Disestablishment of Auckland Light Rail  
Brown OC240457 6/08/2024 Public Transport Policies Direction  
Brown OC240892 7/08/2024 Seeking Direction on the New Speed Rule Post Consultation  
Brown OC240872 7/08/2024 Aide Memoire: Cook Strait Ferry Capacity  
Brown OC240988 30/08/2024 Meeting with the President of Emirates Airline  
Brown OC241018 30/08/2024 Outstanding Decisions on Auckland Light Rail Limited  
Brown OC240985 2/09/2024 Meeting with the CEO of Air New Zealand  
Brown OC241090 27/09/2024 Meeting with the New Zealand Airports Association  
Brown OC241108 30/09/2024 Meeting with Board of Airline Representatives New Zealand*

*I would also like to request for any advice (briefings, aide memoires, etc) focusing on public transport farebox recovery, which was received by the Transport Minister from MOT between July 2024 and November 2024.”*

Of the nine briefings requested, seven are released with some information withheld or refused, one is withheld and one is refused.

The Ministry of Transport Te Manatū Waka (the Ministry) has not provided any advice on public transport farebox recovery to the Minister of Transport, therefore the second part of your request is refused under section 18(e) that the documents do not exist.

The document schedule at Annex 1 details how the briefings have been treated. The following sections of the Act have been used:

- |             |  |
|-------------|--|
| 9(2)(a)     | to protect the privacy of natural persons  |
| 9(2)(b)(ii) | to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information                               |
| 9(2)(ba)(i) | to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely |

- to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- 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)(j) to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
- 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](http://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's 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	Date	Title of Document	Decision on request
1	OC240833	2/08/2024	Update on Disestablishment of Auckland Light Rail	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(j).
2	OC240457	6/08/2024	Public Transport Policies Direction	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
3	OC240892	7/08/2024	Seeking Direction on the New Speed Rule Post Consultation	Refused under section 18(d).
4	OC240872	7/08/2024	Aide Memoire: Cook Strait Ferry Capacity	Withheld in full under section 9(2)(f)(iv).
5	OC240988	30/08/2024	Meeting with the President of Emirates Airline	Released with some information withheld under sections 9(2)(a), 9(2)(b)(ii), 9(2)(ba)(i) and 9(2)(g)(i).
6	OC241018	30/08/2024	Outstanding Decisions on Auckland Light Rail Limited	Released with some information withheld under sections 9(2)(a) and 9(2)(j).
7	OC240985	2/09/2024	Meeting with the CEO of Air New Zealand	Released with some information withheld under sections 9(2)(a), 9(2)(ba)(i) and 9(2)(g)(i).
8	OC241090	27/09/2024	Meeting with the New Zealand Airports Association	Released with some information withheld under sections 9(2)(a), 9(2)(b)(ii), 9(2)(f)(iv) and 9(2)(g)(i).
9	OC241108	30/09/2024	Meeting with Board of Airline Representatives New Zealand	Released with some information withheld under sections 9(2)(a), 9(2)(b)(ii) and 9(2)(f)(iv).

2 August 2024

OC240833

Hon Simeon Brown

Action required by:

Minister of Transport

Friday, 9 August 2024

## UPDATE ON DISESTABLISHMENT OF AUCKLAND LIGHT RAIL LIMITED

### Purpose

Provides you with a progress update on the disestablishment of Auckland Light Rail Limited (ALRL) and responds to your request for further information on options to dispose of the company's current land holding.

### Key points

- Decisions on the company name change and reappointments of ALRL directors are on hold pending your direction.
- The key obstacle to disestablishing ALRL is the property it owns, the Kiwi Bacon building (317-319 New North Road, Kingsland).

s 9(2)(j)



s 9(2)(j)



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6 **Note** that the Ministry will provide you and shareholding Ministers with advice on a proposed return of capital from ALRL as well as seeking your agreement to the termination of remaining funding agreements.



David Wood  
Deputy Chief Executive, Investment & Monitoring

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
Andrew Hicks, Principal Advisor, Programme Monitoring & Investment Management	s.9(2)(a)	
David Wood, Deputy Chief Executive, Investment & Monitoring		✓

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## UPDATE ON DISESTABLISHMENT OF AUCKLAND LIGHT RAIL LIMITED

### Background

1 In December 2023, as part of the 100-day plan, Cabinet agreed to discontinue the Auckland Light Rail project. Auckland Light Rail Limited (ALRL) has now been reduced to a holding company with minimal functions and no permanent staff. It cannot be finally disestablished until the property on New North Road in Kingsland has been disposed.

2 In May 2024 (OC240289 refers), Shareholding Ministers made decisions on a range of matters on ALRL which were then communicated to the ALRL Board. These decisions included:

2.1 changing the company name;

2.2 advising on impending reappointments of the remaining directors; and

s 9(2)(j)

3 On 27 June 2024, the Cabinet Legislative Committee deferred consideration of the company name change and associated orders in council to a future date [LEG-24-MIN 0135]. The name change and director reappointments have since been placed on hold pending further direction.<sup>1</sup>

s 9(2)(j)

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<sup>1</sup> The Board initially prepared its Statement of Performance Expectations (SPE) under the proposed new company name. The SPE is currently being updated to the current name and will be submitted to you once signed by the Board

s 9(2)(j)

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s 9(2)(j)

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s 9(2)(j)

### Terminating existing funding agreements and return of capital

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s 9(2)(f)(iv)

- 25 As there is no new Crown funding for the company, the oversight agreement simply sets out the Ministry's reporting requirements and how we work together to disestablish the company. Therefore, we think that the new agreement should not require Ministers' or Auckland Council's approval as signatories and can be managed by the Ministry until the company is wound-up.

*We will provide you and shareholding Ministers with further advice on the proposed return of capital following decisions on next steps*

- 26 The Ministry has been working with the company to transition to a model that relies on a portion of its equity reserves and rental income from the Kiwi Bacon property to sustain itself. The Kiwi Bacon property is expected to generate an annual revenue of \$2.1 million. We have been providing you with monthly updates on disestablishment costs.

- 27 The Ministry has been working with the ALRL Board to determine the process and amount of equity reserves to be returned. Under the Companies Act 1993 it is the Board's responsibility to determine the amount of equity it requires to continue to remain solvent. The Board has advised that it intends to return \$20 million (of the \$25 million initially provided) to the Crown.

- 28 A dividend option is the simplest method to return the funding which would involve the funding being returned to the Ministry before returning to the centre. We will provide you and shareholding Ministers with a more detailed briefing on this matter when appropriate given the other matters under consideration.

### **Financial performance**

*Disestablishment costs have dropped significantly, and we expect the company to be cash flow positive in the coming months*

- 29 In line with the Ministry's expectations, the company has significantly reduced its operating costs with most remaining project contractor costs falling between January–March. In January, the net disestablishment costs were \$0.9 million, whereas in June, the costs were \$15,240. We expect in the coming months, once all remaining ALR project legacy costs are paid, the company will be cash flow positive. You have been provided with monthly updates on these costs with detailed breakdowns.
- 30 Over the last six months, the total cost of disestablishment was \$4.3 million. ALRL covered 22% (\$0.9 million) of this total cost using rental revenue from the Kiwi Bacon property. Therefore, the net disestablishment cost for the last six months was \$3.3 million.
- 31 Based on draft financial statements for FY24, ALRL's total assets amount to \$61.5 million, of which 46% (\$28.5 million) are current assets. The company has no long-term liabilities and no significant leverage problems. Based on draft financial statements for FY24, expenditure on professional services amounted to \$32 million, which accounted for 77% of the total expenditure (\$41 million). The spending on professional services decreased by 60% of the budgeted amount (\$80 million).

*Other remaining activities to wind-up the company*

- 32 The Ministry is working with ALRL to take stewardship of project data, including any IP obligations. In parallel, we are actively working through proactive release of the appendices to the ALR Corridor Business Case as well as other documents that have been requested via the Official Information Act. We will brief you on this seeking your approval to proactively release in the coming weeks.
- 33 As the company continues to prepare to wind-down the Ministry is also working through obligations in relation to company records and supplying these to Archives New Zealand.

### **Next steps**

- 34 We will continue to update you on progress to disestablish the company and will provide you with further advice in October for you to determine your preferred disposal method.

s 9(2)(j)



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6 August 2024

OC240457

**Hon Simeon Brown**


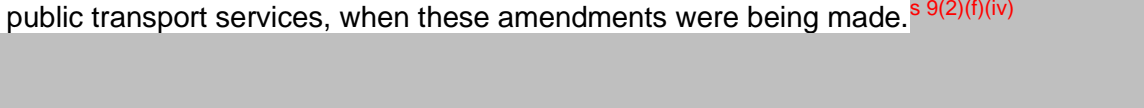
**Minister of Transport**

## **PUBLIC TRANSPORT POLICIES DIRECTION**

### **Purpose**

To advise you on the legislative and policy framework for planning and delivering public transport services and to seek your direction on the way forward.

### **Key points**

- The framework for planning, procuring, and delivering public transport services is established through the Land Transport Management Act 2003 (**LTMA**), which is administered by the Ministry of Transport (**the Ministry**), and operational policies that are developed by the NZ Transport Agency (**NZTA**).
- The foundations for the current framework were established in 2013, when the Public Transport Operating Model (**PTOM**) was established. In 2023, the previous Government modified the PTOM and called it the Sustainable Public Transport Framework (**SPTF**).
- We recommend NZTA continues to develop and issue operational policies and guidance that it began developing as part of implementing the SPTF, which it has been adjusting to align with your expectations set in the Government Policy Statement on Land Transport 2024. This will enable improvements to procurement processes to help achieve better value for money. It will also support the provision of technical guidance to improve service delivery.
- s 9(2)(f)(iv)  

- The SPTF also involved amendments to the LTMA. We understand you raised concerns about the principles for regulating public transport, and in-house provision of public transport services, when these amendments were being made. s 9(2)(f)(iv)  


**Recommendations**

We recommend you:

- 1 s 9(2)(f)(iv)
- 2 **indicate** if you support the direction of public transport operational polices that NZTA is currently developing, as set out in Annex Three, or if you want to specify new or different expectations for the direction of any of these policies Yes / No
- 3 **indicate** whether there are other areas where you wish to specify direction Yes / No
- 4 **agree** if you want to meet with officials to discuss the expectations you want to set for NZTA's public transport operational polices Yes / No
- 5 s 9(2)(f)(iv)



Ruth Fairhall  
**DCE – Policy Group**  
 Ministry of Transport  
 06 / August / 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
Jessica Ranger, Manager Urban Development and Public Transport, Ministry of Transport	<span style="color: red;">s 9(2)(a)</span>	✓
Nick Potter, Principal Adviser Urban Development and Public Transport, Ministry of Transport		

## PUBLIC TRANSPORT POLICIES DIRECTION

### The framework for planning, procuring, and delivering public transport services is established through legislation and operational policies

- 1 The regulatory framework that governs public transport is set out in Part 5 of the Land Transport Management Act 2003 (**LTMA**). The Ministry of Transport (**the Ministry**) administers this legislation.
- 2 The NZ Transport Agency (**NZTA**) gives effect to this legislation through operational policies. A primary objective underpinning NZTA's operational policies is its statutory responsibility to obtain the best value for money.
- 3 Public Transport Authorities (**PTAs**) must adhere to NZTA's operational policies to be eligible for funding of public transport investments from the National Land Transport Fund.

### The foundations for the current framework were established in 2013

- 4 In 2013, the then Government established the Public Transport Operating Model (**PTOM**).<sup>1</sup> This aimed to grow the commerciality of public transport services and create incentives for services to become fully commercial. It also aimed to grow confidence that services are priced efficiently and there is access to public transport markets for competitors.

### The previous Government modified the PTOM framework through a combination of legislative changes and directives for operational policies

- 5 Between 2019 to 2021, the Ministry reviewed the PTOM to assess whether it was meeting its original outcomes and to identify areas for improvements. This review led the Ministry to identify and recommend a range of changes.
- 6 In 2023, the previous Government established the Sustainable Public Transport Framework (**SPTF**) to modify the PTOM.<sup>2</sup> The SPTF retains key structural features of the PTOM, including the responsibilities of PTAs for planning, procuring, and delivering public transport services. It also includes a focus on efficiency and delivering value for money.
- 7 Key changes included new principles to guide the regulation of public transport and expanding options for PTAs in how they procure and deliver public transport services to deliver efficiency and value for money.
- 8 The SPTF was intended to be implemented through a combination of changes to the LTMA, which were enacted in 2023, and by operational policies developed by NZTA that are still under development. These changes are summarised below.

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<sup>1</sup> To achieve this, the Public Transport Management Act 2008 was repealed. Its provisions and PTOM were then incorporated into the amended LTMA.

<sup>2</sup> The name given to the current framework is not set in legislation.

*The LTMA was amended in 2023*

- 9 Amendments to the LTMA involved the following:
- establishing new principles to guide the regulation of public transport (listed in **Annex One**)
  - enabling in-house provision of public transport services and providing more flexibility around asset ownership
  - supporting benchmarking and more transparent pricing
  - improving roles and relationships between PTAs and operators
  - updating the regulation of exempt services (e.g. the Waiheke ferry service) that do not receive public transport subsidies
  - clarifying the treatment of on-demand public transport services (i.e. services that have flexible routes and timetables, which change based on the location and destinations of passengers who book a trip).
- 10 We understand you raised concerns about the principles for regulating public transport, and in-house provision of public transport services as the amendment to the LTMA was going through the Parliamentary process.

11 s 9(2)(f)(iv)



*Operational policies for public transport are being led by NZTA*

- 12 Alongside the LTMA amendments, the former Minister of Transport set expectations for NZTA to develop operational policies and guidance that would support more specific changes. The Minister set these expectations through a letter to the Chair of NZTA's Board on 30 August 2022. **Annex Two** summarises these expectations.
- 13 Since 2022, NZTA has been closely engaging with PTAs and industry members to develop these operational policies and guidance. It has also researched public transport practices in other countries to inform their development.
- 14 NZTA has recently been re-orienting some of these policies to align them with the expectations that you set in the Government Policy Statement on Land Transport 2024 (GPS 2024) to deliver value for money and to increase the focus on performance and efficiency.
- 15 The GPS 2024 sets your broad expectations for investments in land transport, but it only provides limited direction to NZTA on your expectations for public transport operations.<sup>3</sup>

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<sup>3</sup> These expectations are: "that existing public transport services will continue to be funded, if they are cost effective, achieve value for money, and achieve the expected outcomes of less congestion and increased patronage"; "greater farebox recovery and third-party revenue by Public Transport Authorities"; and "to deliver the National Ticketing Solution to improve the efficiency of public transport."

- 16 **Annex Three** summarises the public transport operational policies NZTA has been developing.

s 9(2)(f)(iv)



**Next steps**

- 23 Officials from the Ministry and NZTA are available to meet with you if you want to discuss any of these operational policies in more detail, or to express your expectations through a meeting.

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s 9(2)(f)(iv)

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## Annex One: LTMA principles that guide the regulation of public transport

The LTMA includes the following principles in Part 5, section 115.

### 115 Principles

- (1) All persons exercising powers or performing functions under this Part must be guided by each of the following principles to the extent relevant to the particular power or function:
  - (a) well-used public transport services reduce the environmental and health impacts of land transport, including by reducing reliance on single-occupant vehicles and using zero-emission technology;
  - (b) public transport services support a mode shift from private motor vehicle use and equitable access to places, facilities, services, and social and economic opportunities if they are co-ordinated, integrated, reliable, frequent, accessible, affordable, and safe;
  - (c) fair and equitable employment or engagement of people in the public transport workforce should ensure that there is a sufficiently robust labour market to sustain and expand public transport services;
  - (d) regional councils, territorial authorities, and public transport operators should work together to co-ordinate public transport services, the provision of infrastructure, and land use as necessary—
    - (i) to meet the needs of passengers; and
    - (ii) to encourage more people to use the services;
  - (e) public transport services should be provided in a way that assists—
    - (i) public transport investment to be efficient; and
    - (ii) public transport investment to give value for money.
- (2) Without limiting subsection (1), the principles specified in subsection (1) must be taken into account by—
  - (a) the Agency when—
    - (i) approving procurement procedures under [section 25\(1\)](#);
    - (ii) preparing guidelines to be issued under [section 95\(1\)](#);
    - (iii) approving the approach to procurement under [section 120\(3\)](#);
  - (b) the Environment Court when it considers an appeal against a regional public transport plan under [section 140](#);
  - (c) the Minister when the Minister considers making a recommendation under [section 150](#).
- (3) In this section, **territorial authority** includes Kāinga Ora—Homes and Communities if there are any specified development projects in the region.

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## **Annex Two: Previous direction provided to NZTA**

On 30 August 2022, the former Minister of Transport set expectations for NZTA to develop operational policy in the following areas:

- to protect and improve bus driver terms and conditions, achieving the following outcomes:
  - bus drivers have the opportunity to maintain employment if there is a change of operator
  - the substantive terms and conditions of bus drivers are not negatively impacted by a change of operator
  - the terms and conditions of the bus driver workforce are improved to increase recruitment and retention
- to support different asset ownership arrangements
- to support increased transparency of operating costs and financial performance of public transport operators
- guidance to improve partnering between public transport authorities (PTAs) and operators through procurement and contracting
- guidance on processes relating to the registration and variation of exempt services
- guidance on how exempt services should be transitioned into the SPTF if an exemption is removed by Order in Council
- guidance on establishing units to ensure PTAs have the ability to procure and contract on-demand services separate to, or bundled with, timetabled services
- to assist PTAs to manage potential conflicts of interest in contracting services where an in-house unit is one of the options for provision alongside external providers.

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**Annex Three:** Direction of public transport operational policies and guidance being developed by NZTA

Policy area	Overview and status	Ministry view	Your view
<p><b>Bus driver recruitment and retention</b></p>	<p>This operational policy is designed to improve employment terms and conditions for bus drivers to avoid future widespread driver shortages.</p> <p>NZTA is intending to establish an ongoing national workforce survey to monitor workforce trends and to identify initiatives that will improve driver retention and recruitment. This is supported by the sector.</p> <p>The intended policy changes would formalise workforce terms and conditions as aspects that will be assessed as part of evaluating tender responses for all bus service delivery contracts. This in turn would encourage greater competitive tension and market innovation amongst tenders, while enabling operators to determine terms and conditions appropriate to the specific market and context in which they are tendering.</p> <p>It is also intending to develop a procurement policy to encourage competitive tension while maintaining and improving workforce terms and conditions. Work to date on this so far has generally received unanimous support from the sector.</p> <p>NZTA began developing a policy to establish a nationally consistent approach for transferring bus drivers at the end of a contract if the operator changes. Operators strongly opposed this work. Some PTAs also expressed concerns regarding complexity. <sup>s 9(2)(g)(i)</sup></p>	<p><sup>s 9(2)(f)(iv)</sup></p>	
<p><b>Asset control</b></p>	<p>This operational policy is designed to support different asset ownership arrangements. Prior to the 2023 LTMA amendments, PTAs were required to establish a Council Controlled Trading</p>		



	<p>Organisation (CCTO) to own public transport assets if they wanted to control how those assets are used and deployed. This requirement was removed as some councils found the requirements for setting up a CCTO to be onerous.</p> <p>Currently, the operational policy being developed by NZTA assumes PTAs may need to control some strategic assets, such as bus depots and infrastructure in locations close to routes and/or with good access to energy networks, to deliver value for money. The intention is to support competition and better pricing when tendering for contracts by removing barriers to entry for operators who do not control these assets.</p> <p>Asset control is not limited to ownership. For example, build, own, operate and transfer models can enable private sector delivery while ensuring PTAs can facilitate the transfer of strategic assets at the end of a contract to an incoming operator.</p> <p>NZTA currently intends establishing operational policy that would require PTAs to:</p> <ul style="list-style-type: none"> <li>• consider and propose asset control arrangements as part of developing their procurement strategies</li> <li>• demonstrate how the proposed asset control arrangements will enable competitive and efficient markets for the supply of services and maximise value for money spent on public transport.</li> </ul> <p>NZTA consulted on the draft policies and initial guidance last year. The Bus and Coach Association and operators generally do not support PTAs controlling assets. PTAs support enabling a range of approaches.</p>	<p>s 9(2)(f)(iv)</p>
<p><b><i>In-house versus out-sourced service delivery</i></b></p>	<p>The current approach to service delivery through out-sourcing and enabling competitive and efficient markets for the supply of services remains the core policy of NZTA and the primary method for achieving long-term value for money. This position was unaffected by the 2023 LTMA amendments.</p>	

	<p>NZTA is not developing a separate operational policy in this area and has set a high bar for any PTAs that seek to deliver public transport services in-house.</p> <p>If a situation arises where a PTA wishes to consider delivering services in-house, it will need to develop a business case that demonstrates value for money and undertake an effectiveness review under section 17a of the Local Government Act. It would also need to obtain funding and procurement procedure approvals from NZTA under the LTMA.</p>
<p><b>Openness and transparency</b></p>	<p>The 2023 LTMA amendments set requirements to ensure openness and transparency for operating costs, service performance, vehicles used to operate services, financial performance, and workforce terms and condition.</p> <p>Both PTAs and operators expressed support for greater openness and transparency. NZTA is embedding this as a foundation for all relevant operating policies related to public transport planning, procurement, and contract management.</p> <p>NZTA is also developing tools to assist PTAs in seeking more transparent pricing information during tenders.</p>
<p><b>Improving partnering</b></p>	<p>PTAs are expected to take a 'partnering' approach to contracts with public transport operators. This approach was first established in the PTOM. However, over the last 20 years the relationship between these two parties has often been transactional, with low levels of collaboration and innovation between partners.</p> <p>NZTA is intending to develop a dedicated Public Transport Procurement Manual, which will reflect new expectations for improved partnering through relational contracting, joint planning, and a more appropriate allocation of risk. This is generally endorsed by the sector.</p>

s 9(2)(f)(iv)

THE OFFICIAL INFORMATION ACT 1982

<b>Managing exempt services</b>	<p>The 2023 LTMA amendments changed the framework for regulating exempt public transport services that do not receive public transport subsidies (e.g. Waiheke ferry services).</p> <p>NZTA has completed technical guidance to PTAs in this area, which has been issued. It is planning to develop further technical guidance this year.</p>
<b>On-demand public transport services</b>	<p>The 2023 LTMA amendments enabled 'on-demand' public transport services (i.e. services that have flexible routes and timetables, which change based on the location and destinations of passengers who book a trip) to operate as part of public transport networks.</p> <p>NZTA has completed technical guidance to PTAs in this area, which has been issued. It is planning to develop further technical guidance this year.</p>

s 9(2)(f)(iv)

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30 August 2024

OC240988

Hon Simeon Brown  
**Minister of Transport**

## MEETING WITH THE PRESIDENT OF EMIRATES AIRLINE

### Snapshot

You are meeting with Sir Timothy Clark, President of Emirates Airline, who is making an introductory call.

<b>Time and date</b>	1.20-1.40 pm, 4 September 2024.
<b>Venue</b>	Auckland Policy Office.
<b>Attendees</b>	Sir Timothy Clark, President of Emirates Airline.
<b>Officials attending</b>	TBC.
<b>Agenda</b>	There is no agenda. This is a meet and greet event.
<b>Talking points</b>	Talking points are attached.

### Contacts

Name	Telephone	First contact
Siobhan Routledge, Director Aviation	s 9(2)(a)	
Tom Forster, Manager Aviation		✓
Ken Hopper, Senior Licensing Adviser		

## MEETING WITH THE PRESIDENT OF EMIRATES AIRLINE

### Key points

- Sir Tim Clark has been President of Dubai-based Emirates Airline since 2003.
- As of August 2024, Emirates operates over 3,000 flights every week across its network of 137 destinations in 77 countries across six continents from its hub in Dubai.
- Emirates commenced services to New Zealand in 2003. Since then, the airline advises it has carried over 16 million passengers to/from New Zealand.
- Emirates operates a daily non-stop A380 passenger service to Auckland and a daily A380 passenger service to Christchurch via Sydney. Emirates also operates a twice-weekly B777 freighter service through Auckland, linking with other destinations.
- New Zealand's Air Services Agreement with the United Arab Emirates permits the airlines of each side to operate an unlimited number of services over any routing.
- Emirates is a long-term sponsor of New Zealand's America's Cup team.

### *Emirates plays a significant role in connecting New Zealand*

- 1 As a small exporting country, geographically distant from our markets, New Zealand depends heavily on our air connectivity to the rest of the world. Emirates' 20-year involvement in providing passenger and cargo air services has opened up the United Arab Emirates and Gulf region to New Zealand travellers, and the direct service has also helped with greater tourist flows from Europe through to New Zealand.
- 2 Emirates played a significant role during the Covid-19 pandemic as it continued flying to New Zealand, and ensured that critical goods such as medicines were imported and our high-value agricultural produce got to the required export markets.
- 3 Over the past year, there has been an average of 15 flights to New Zealand per week operated by Emirates. This is approximately 2 per cent of all inbound international flights. Emirates transports international visitors to New Zealand from Asia, Europe, Africa, the Middle East, and North and South America. Emirates' presence in the New Zealand market is enhanced by the code-sharing it undertakes on the trans-Tasman services of Qantas.

4

s 9(2)(ba)(i)

5

s 9(2)(b)(ii)



- 6 The Minister for Trade, Hon Todd McClay, met Sir Tim in May 2024. Discussion touched on the uncertainty for Emirates due to the Ohakea firefighter situation, the proposed increase to the International Visitor Levy (IVL), s 9(2)(b)(ii) and sustainable aviation fuels.

*The sector is concerned with the increases to fee and charges across the border*

- 7 A number of government departments have recently undertaken consultation, or are planning to consult on changes, including fees, which either impact the aviation sector directly or indirectly.
- 8 The New Zealand Customs Service and Ministry for Primary Industries have recently completed consultation on border processing levies. The Ministry of Business Innovation and Employment has also concluded consultation on proposed changes to the International Visitor Conservation and Tourism Levy, which will see the levy rise from \$35 to \$100 (understood to be announced on 9 September 2024).
- 9 The New Zealand Immigration Service has recently announced increases to visa fees for a range of visa categories.
- 10 The airline sector is concerned about the cumulative effect these increases will have on the competitiveness of New Zealand as a destination, as international airlines would have to pass on increased costs to travellers.
- 11 The airline sector notes that any reduction in international visitors will impact a wide range of New Zealand businesses. Beyond airlines, this includes the accommodation sector, tourism experiences, hospitality, and others. They note that increases to international student visa costs will reduce New Zealand's competitiveness as a destination for international students.
- 12 s 9(2)(ba)(i) has informed the Ministry that visitor demand for New Zealand is soft, and this softness arises from weaker demand from international visitors to New Zealand.
- 13 NZ Airports, representing the country's international airports, is also concerned about the cumulative impact of increases to fees and levies. It argues that the lack of consultation with the tourism sector has led to decisions that don't reflect the true impact on New Zealand's second-largest export industry.
- 14 Sir Tim is likely to raise the various increases in charges by New Zealand agencies, affecting airlines and passengers. s 9(2)(b)(ii)

*Civil Aviation Authority (CAA) Pricing Review*

- 15 The consultation on the levies, fees and charges set by the CAA commenced on 27 August 2024. The CAA is consulting on four different cost allocation options to meet the forecast funding shortfall, replenish reserves, and return to sustainability.
- 16 As aviation is largely funded on a user-pays system, this would be an area of interest for Sir Tim, and he may also want to discuss it with you.

*Emirates assisted with firefighter training at Ohakea*

- 17 Ohakea airbase is used by many international flights to Auckland as an emergency alternate port. Airplanes are required to be able to make an emergency landing at an alternate port if needed.
- 18 When Ohakea is not available as an emergency alternate, airplanes need to use another alternate port, generally Christchurch airport. Using Christchurch requires planes to carry more fuel, which affects aircraft weight and, therefore, passenger and freight capacity.
- 19 There had been longstanding issues with the availability of fire-fighting crews at Ohakea airbase, which limited its availability for use as an alternate port.
- 20 Emirates was directly impacted as it planned its Auckland services on the basis of Ohakea, rather than Christchurch, as an alternate. As they were unable to rely on Ohakea, Emirates' aircraft had to carry more fuel in order to be able to reach Christchurch. This reduced the number of passengers that could be carried.
- 21 Emirates teamed with Dubai Airport to train New Zealand Defence Force firefighters in Dubai to alleviate the issue.
- 22 Ohakea's availability is still hampered by the lack of air traffic controller services overnight. BARNZ continues to work with Airways to find solutions to support connectivity for airlines who arrive in New Zealand overnight.

*Fuel security*

- 23 Jet fuel supply is an issue that has been raised by Air New Zealand, airports and BARNZ. This is particularly important for Emirates, given its flights between Auckland and Dubai are among the longest flights in aviation.
- 24 The aviation sector supports the introduction of the minimum fuel stockholding obligation, being introduced from 1 January 2025 by the Ministry of Business Innovation and Employment (MBIE), but would like to have more stringent stockholding requirements.
- 25 s 9(2)(ba)(i), s 9(2)(g)(i)
- 26 Any reduction in the amount of fuel Emirates aircraft can uplift in cases where the quality of jet fuel is compromised affects the viability of its flights due to the length.
- 27 We understand that MBIE is briefing you separately on aviation fuel resilience.

*Emirates is addressing climate change through several initiatives*

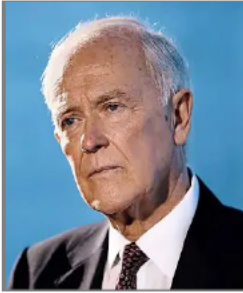
- 28 Aircraft fleet strategy - operating modern and fuel-efficient aircraft is central to Emirates' business model. Emirates operates one of the youngest wide-body aircraft fleets, with an average age of 9.1 years, considerably lower than the industry average.

- 29 Operational fuel efficiency – Emirates actively implements ways to reduce unnecessary fuel burn and emissions while maintaining the highest safety standard. Emirates has a robust fuel monitoring system and uses advanced data analytics to optimise the uplifting of fuel and potable water, as well as to load aircraft at the optimal centre of gravity.
- 30 Sustainable aviation fuel (SAF) - Emirates support initiatives that contribute to the deployment of SAF and actively engage with the rapidly developing SAF industry. In January 2023, Emirates completed a milestone demonstration flight of a Boeing 777-300ER powered with 100 per cent SAF in one engine.

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## Biography



### **Sir Tim Clark, President of Emirates Airline**

UK-born Sir Tim has been in the civil aviation business since 1972, when he joined British Caledonian. In 1975, he moved to Bahrain's Gulf Air and subsequently to Dubai in 1985, where he became a member of the founding team of Emirates as Head of Airline Planning. He was also Managing Director of Air Lanka (now SriLankan Airlines) until 2008, when Emirates had a shareholding in that airline.

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## Annex 1: Talking Points

### MEETING WITH THE PRESIDENT OF EMIRATES AIRLINE

#### *Emirates' role in connecting New Zealand*

- New Zealand welcomes Emirates' ongoing commitment to the New Zealand market. Our tourism and trade benefit greatly from the services you operate.
- What do you see as the most pressing issues facing the airline sector?
- What new opportunities do you see for Emirates and for the airline sector generally?

#### *Government charges at the border*

- I understand that Emirates is concerned about the various increases in charges and levies on airlines and passengers. The Government, however, is not immune to rising costs, and the increases are necessary in order to maintain core functions, including at the border and the operation of the Civil Aviation Authority.
- Most of the border agencies have not been covering their costs, and in a tight fiscal environment, it was necessary to ensure that the costs of their operations are covered.
- I am committed to ensuring that the services delivered at the border provide value for money, especially those funded through third party fees, charges, and levies.

#### *Ohakea*

- Thank you for the assistance provided in the training of firefighters from the Ohakea airforce base. We want to see Ohakea continue to serve as an alternate airport to Auckland and Christchurch.

#### *Climate change*

- Can you please tell me more about the steps you are taking to address climate change?
- What opportunities and challenges do you see in achieving a sustainable aviation sector?



30 August 2024

OC241018

**Hon Simeon Brown**  
**Minister of Transport**

**Action required by:**  
Friday, 6 September 2024

## OUTSTANDING DECISIONS ON AUCKLAND LIGHT RAIL LIMITED

### Purpose

Seeks your decision on changing the company name and reappointing the directors of Auckland Light Rail Limited (ALRL).

### Key points

- ALRL is awaiting formal notification on whether the proposed name change is proceeding, and whether the directors will be reappointed.
- The proposed name change was deferred by the Cabinet Legislative Committee (LEG) and is pending your direction on whether to resubmit the LEG paper.
- We anticipate the company will be able to be disestablished in approximately six months, so recommend that it continue to operate as Auckland Light Rail Limited until disestablishment.
- The advice provided to your office to submit for consideration at Appointments and Honours (APH) in June (OC240534 refers) can be easily updated to progress these appointments at the next available APH meeting.
- While it is considered best practice that reappointments are made as close as possible to the end of a member's term, the ALRL Board constitution enables members to continue to serve as directors until such time as they are reappointed or replaced. Therefore, there is no technical requirement for you to formally reappoint them.

**Recommendations**

We recommend you:

- 1 **agree** that the proposed name change is not progressed Yes / No
  
- 2 **agree** to either:
  - proceed with reappointments via Cabinet’s Appointments and Honours Committee (APH) and direct the Ministry to re-submit advice for consideration, OR Yes / No
  
  - write to the directors requesting they continue without formal reappointment until ALRL is disestablished. Yes / No




---

David Wood  
**Deputy Chief Executive, Investment & Monitoring**

---

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
Andrew Hicks, Principal Advisor, Programme Monitoring & Investment Management	s 9(2)(a)	
David Wood, Deputy Chief Executive, Investment & Monitoring		✓

## OUTSTANDING DECISIONS ON AUCKLAND LIGHT RAIL LIMITED

### Background

1 In May 2024 (OC240289 refers), Shareholding Ministers made decisions on a range of matters on ARLR which were then communicated to the ARLR Board (Annex One refers). These decisions included:

- 1.1 changing the company name;
- 1.2 advising of the intention to reappoint directors; and
- 1.3 advising of a revised pool of directors' fees to apply from 1 July 2024 to 30 June 2025.

*Company name change was not supported by Cabinet Legislative Committee*

2 On 27 June 2024, the Cabinet Legislative Committee deferred consideration of the company name change and associated orders in council to a future date [LEG-24-MIN 0135]. We have not received further direction from you on whether you wish to take the decision back to the Committee.

*Decisions on director reappointments were not progressed following the deferral of the company name change*

3 We provided you and Shareholding Ministers with advice on reappointing the directors, Dame Fran Wilde and Leigh Auton, in June and for consideration by Cabinet Appointments and Honours Committee on 25 June 2024. We understand Ministerial consultation was not completed and the advice was deferred. Following the decision noted above (to defer the decision on the company name change) the reappointments advice to APH has not progressed.

### Outstanding decisions on ARLR

*The decision on whether to progress the name change is still pending*

4 Since May 2024, the ARLR Board have been working through the necessary steps to change the company name to Kingsland Crown Property Management Limited. The final step to implement the name change was approval via the Cabinet Legislative Committee (LEG), due to the requirement to update the company name in the Crown Entities Act and the Ombudsman Act. This proposal was deferred.

5 We understand the primary concern from the LEG Committee related to the costs involved in updating the name. The original estimated cost \$50,000, but the actual cost was much lower at around \$11,000. The discrepancy was mainly due to more work being done in house and lower than expected legal costs.

6 ARLR is still awaiting formal advice on whether the name change is to proceed. ARLR advised us that in the absence of a decision they are continuing to use the ARLR company title. Given the concerns expressed by the LEG Committee, and with the

company expected to be disestablished in approximately six months, there may be little value in revisiting the company's name.

- 7 Should you wish to progress the name change, we would recommend consulting with Shareholding Ministers before putting advice to the LEG Committee to ensure they still support the proposal.

#### *Director reappointments*

- 8 In the letter sent to ALRL directors in May, it was noted that you intended to reappoint both members for further terms and advised them of a revised pool of director fees. Both directors' terms of appointment have now expired, and they are awaiting formal notification of reappointment. As advised previously, we expect it may take up to six months to dispose of the ALRL property and be able to disestablish the company.
- 9 It is considered best practice that reappointments are made as close as possible to the end of a member's term. The advice provided to your office in June can be easily updated to progress these appointments at the next available Cabinet Appointments and Honours (APH) Committee meeting.
- 10 We note that the ALRL Board constitution enables members to continue to serve as directors until such time as they are reappointed or replaced. Therefore, there is no technical requirement for you to formally reappoint them now. We recommend that if you do not wish to take advice to APH to formally reappoint the directors', you write to them to request that they continue to serve until the company is disestablished, noting that this differs from the approach outlined in May.
- 11 We note that under either scenario, the revised director fees are being applied and therefore there is no change in operating costs for ALRL.

#### **Next steps**

- 12 Based on your decisions, we will work with your office to progress your preferred approach, including if required drafting of a letter to directors.

IN CONFIDENCE

**ANNEX ONE: COPY OF MAY LETTER TO ALRL BOARD**

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IN CONFIDENCE





Honourable Dame Fran Wilde  
Chair  
Auckland Light Rail Limited  
s 9(2)(a)

Dear Dame Fran

I am writing to notify you of some decisions recently made by Cabinet and Shareholding Ministers and set out the implications for Auckland Light Rail Limited (ALR Ltd) as the company moves towards final disestablishment.

### Intentions on reappointment

Firstly, I want to thank you and Leigh Auton for indicating your willingness to stay in place as directors to oversee the disestablishment of ALR Ltd. I can confirm Shareholding Ministers intend to progress you both for reappointment either through to 30 June 2026 or any earlier date that the disestablishment of ALR Ltd is completed. Ministry of Transport officials will be in touch to finalise matters relating to your reappointment, so that it can be considered by Cabinet's Appointments and Honours Committee.

I note that your terms expire on 30 June 2024 and will endeavour to ensure the reappointment process is completed before that date. Should this not be the case, Clause 7.4(c) of the ALR Ltd Constitution enables directors to continue in office following the expiry of their term.

### Directors' fees for 2024/25

I can also confirm that Shareholding Ministers have approved the pool of directors' fees from 1 July 2024 to 30 June 2025. The total pool of fees approved is \$123,660 per annum, based on there being one director and one Chair on the Board. The ordinary fees are based on a unit rate for directors of \$41,220 per annum, with the Chair receiving twice the unit rate.

It remains the Board's prerogative to determine the allocation of 'ordinary fees' to individual directors. For the avoidance of doubt, it is expected that fees for any vacant Board positions will be excluded from any allocation of the pool of director fees.

s 9(2)(j)



## Company Matters

Cabinet also agreed to change the name of ALR Ltd to reflect its limited functions. Shareholding Ministers have agreed that the name will change to Kingsland Crown Property Management Ltd. I request that the Board agree to this by resolution and work with the Companies Office to implement it. Officials will be working in parallel to change the name in relevant pieces of legislation.

Shareholding Ministers have also decided to grant ALR Ltd a waiver from the requirement to complete a Statement of Intent, and this letter serves as formal notice of that waiver. I note that it is not possible to exempt ALR Ltd from the obligation to complete other accountability documents (for example, the Statement of Performance Expectations and an annual report). I expect ALR Ltd to work with Ministry officials to look for opportunities to streamline these processes as much as possible.

Finally, I understand that ALR Ltd has been considering options for returning a portion of its working capital to the Crown, given that the ongoing needs of the company are lower than they have been previously. Shareholding Ministers expect the Board to propose a return of unneeded capital and to continue to work with officials to implement that return of capital.

Thank you again for your continued work and engagement.

Yours sincerely



Hon Simeon Brown  
**Minister of Transport**

cc: Mr Leigh Auton, Director, Auckland Light Rail Limited  
Audrey Sonerson, Chief Executive, Ministry of Transport



30 August 2024

OC240985

Hon Simeon Brown  
**Minister of Transport**

**MEETING WITH THE CEO OF AIR NEW ZEALAND**

**Snapshot**

You are meeting with Greg Foran, CEO of Air New Zealand. A good outcome would be gaining a further understanding of Air New Zealand's concerns and current activities.

<b>Time and date</b>	9.15-9.30am, 5 September 2024
<b>Venue</b>	Auckland Policy Office
<b>Attendees</b>	Greg Foran, CEO of Air New Zealand
<b>Officials attending</b>	TBC
<b>Agenda</b>	There is no agenda
<b>Talking points</b>	Talking points are attached

**Contacts**

Name	Telephone	First contact
Siobhan Routledge, Director, Aviation	s 9(2)(a)	
Tom Forster, Manager, Aviation		✓
Isabel Avery, Advisor, Aviation		

## MEETING WITH THE CEO OF AIR NEW ZEALAND

### Key points

- Air New Zealand's 2024 annual results were announced on Thursday 29 August 2024. The airline reported earnings before taxation of \$222 million and a net profit after taxation of \$146 million. Stronger competition in the transpacific market, and ongoing engine issues may have partly contributed to the drop in its financial performance.
- There are concerns within the aviation and tourism sectors about the increased government charges at the border and their cumulative impact, which could impact on New Zealand's tourism recovery and air connectivity. These increases have happened against the current backdrop of softening demand.
- Air New Zealand has removed its 2030 carbon intensity reduction target, citing challenges in securing fuel-efficient aircraft and sustainable fuels.
- Two areas of interest to Air New Zealand are the consultation on the Civil Aviation Authority pricing review, and alternative options for delivering aviation security services.

### *Air New Zealand's financial performance*

- 1 On 29 August 2024, Air New Zealand announced earnings before taxation for the 2024 financial year of \$222 million compared to \$574 million for the same period last year. Net profit after taxation was \$146 million.
- 2 This was an expected reduction on the prior year, when the airline recorded one of its highest ever results following the reopening of New Zealand's border after the pandemic.
- 3 While Air New Zealand reported a solid first half result, the second half of the financial year proved increasingly challenging as the impact of operational and economic headwinds became more pronounced.
- 4 Competition in the transpacific market has likely been a factor in Air New Zealand's performance. Major US airlines have brought unprecedented competition in the North American market, with the three big American carriers offering 35 flights a week between the continental United States and New Zealand.

### *Aircraft engine issues*

- 5 Air New Zealand has been experiencing engine issues, which may have partly contributed to the drop in its financial performance.
- 6 Air New Zealand continues to be impacted by challenges with the availability of Rolls-Royce Trent 1000 engines. As a result of the global shortage of Rolls-Royce engines, three of Air New Zealand's Boeing 787 aircraft will be unavailable for an extended period of time.
- 7 Air New Zealand has also been experiencing engine issues with its A320/A321 aircraft. These aircraft are powered by Pratt & Whitney engines.

- 8 In July 2023, Pratt & Whitney disclosed a condition affecting the maintenance plan for the Geared Turbofan (GTF) jet engine fleet. Up to 700 engines globally will be impacted over the next three years, with the effect on global aviation felt most in 2024.
- 9 Air New Zealand has 32 A320/321 aircraft in its fleet of 108 aircraft, serving Australia, the Pacific Islands and domestic New Zealand. While this maintenance issue does not present a safety risk, it has caused Air New Zealand to revise its flight schedule due to adjustments made to its engine maintenance plan.
- 10 Air New Zealand has recently sent a combination of A321 and B787 aircraft to Alice Springs for storage as the dry and low humidity conditions are very suitable for aircraft storage. The move frees up space at its Auckland hangars for its scheduled engineering and maintenance programme.

*The sector is concerned with the increases to fee and charges across the border*

- 11 Mr. Foran may mention recent increases to charges at the border which are passed on to travellers.
- 12 A number of government departments have recently undertaken consultation, or are planning to consult on changes, including fees, which either impact the aviation sector directly or indirectly.
- 13 The New Zealand Customs Service and Ministry for Primary Industries have recently completed consultation on border processing levies. The Ministry of Business Innovation and Employment (MBIE) has also concluded interdepartmental consultation on proposed changes to the International Visitor Conservation and Tourism Levy, which will see the levy rise from \$35 to \$100. The increase is not expected to be made public until 9 September 2024.
- 14 The New Zealand Immigration Service has recently announced increases to visa fees for a range of visa categories.
- 15 The consultation on the levies, fees and charges set by the CAA commenced on 27 August 2024. The CAA is consulting on four different cost allocation options to meet the forecast funding shortfall, replenish reserves, and return to sustainability.
- 16 As aviation is largely funded on a user-pays system, with Air New Zealand providing the bulk of the CAA's funding, this would be an area of interest for Mr. Foran which he may want to discuss with you.
- 17 The airline sector is concerned about the cumulative effect these increases will have on the competitiveness of New Zealand as a destination, as international airlines would have to pass on increased costs to travellers.
- 18 The airline sector notes that any reduction in international visitors will impact a wide range of New Zealand businesses. Beyond airlines, this includes the accommodation sector, tourism experiences, hospitality, and others. They note that increases to international student visa costs will reduce New Zealand's competitiveness as a destination for international students.

- 19 The Board of Airline Representatives New Zealand has informed the Ministry that visitor demand for New Zealand is soft, and this softness arises from weaker demand from international visitors to New Zealand.
- 20 NZ Airports, representing the country's international airports, is also concerned about the cumulative impact of increases to fees and levies. It argues that the lack of consultation with the tourism sector has led to decisions that don't reflect the true impact on New Zealand's second-largest export industry.

#### *Decarbonisation*

- 21 Air New Zealand has recently decided to withdraw from the Science Based Target initiative (SBTi) and abandon its 2030 carbon emissions reduction goal.
- 22 This decision highlights significant challenges the airline faces in meeting its climate commitments. The primary reasons cited include difficulties in securing more efficient aircraft, limited access to sustainable jet fuels, and the need for stronger global and domestic regulatory support. Mr. Foran emphasised that potential delays in fleet renewal due to global manufacturing and supply chain issues have further complicated their efforts.
- 23 Despite retracting its short-term target, Air New Zealand remains committed to achieving net zero emissions by 2050. The airline is currently working on establishing a new near-term carbon emissions reduction target that better reflects the sector's challenges.

24 s 9(2)(g)(i)

#### *Collaboration with Australia*

- 25 Recently the Minister of Finance and the Minister of Climate Change met with their Australian counterparts.
- 26 At that meeting three key actions were identified, with respect to aviation decarbonisation, that are of interest to Air New Zealand:
- investigate the conditions required to develop a regional sustainable aviation fuel (SAF) industry and exploration of opportunities for the regional production of SAF
  - invite New Zealand aviation companies and representatives to join the Jet Zero Council, established by Australia's Transport Minister Catherine King, to strengthen trans-Tasman expert advice on decarbonising aviation
  - engage collaboratively in the development of a Guarantee of Origin scheme for green hydrogen, sustainable fuels, and green metals, to promote trans-Tasman regulatory alignment in the design of net zero product certification schemes.

- 27 The Ministry is in contact with the Treasury, MBIE, and the Ministry for the Environment with respect to these actions. We will keep Air New Zealand updated on developments.
- 28 Additionally, consultation on the Second Emissions Reduction Plan has recently closed. This may be raised with you at the meeting.

*Fuel security*

- 29 Jet fuel supply concerns have been highlighted by Air New Zealand, airports and BARNZ. Mr Foran may raise this issue with you.
- 30 The aviation sector supports the introduction of the minimum fuel stockholding obligation, being introduced from 1 January 2025 by MBIE but would like to have more stringent stockholding requirements.

31 s 9(2)(ba)(i), s 9(2)(g)(i)

A large grey rectangular redaction box covers the text for paragraph 31. A red watermark 'OFFICIAL INFORMATION ACT 1982' is overlaid diagonally across the page.

- 32 We understand that MBIE is briefing you separately on aviation fuel resilience.

*Alternative Delivery Arrangements for Aviation Security Services*

- 33 Targeted consultation has started on a discussion document that focuses on options for outsourcing aviation security services, in full or in part, to airlines and airports. The discussion document canvasses different ways to deliver aviation security services to bring better value for money and a stronger focus on efficiency by the CAA.
- 34 The Civil Aviation Act 2023 enables airlines to be able to provide aviation security services. Mr. Foran might bring this up during your meeting.

*Airport pricing*

- 35 In July, the Commerce Commission released its draft report on Auckland Airport's pricing for the five-year period running from 1 July 2022 to 30 June 2027.
- 36 The Commission's preliminary view is that the Airport's planned investment appears appropriate based on the information the Commission has received. However, the Commission concluded that the Airport's charges over the five-year period are in excess of what is reasonable to achieve these outcomes. According to the Commission, the return targeted by the Airport means it will earn about \$200 million in excess profit, compared to the Commission's benchmark over the five-year period.
- 37 In response to the Commission's draft report, airlines have reiterated calls for the Government to urgently commission an independent inquiry into airport regulation. Mr. Foran has noted that some development is needed, and that Air New Zealand is ready to work with Auckland Airport to ensure that the latter has an affordable and enduring plan that helps connect New Zealanders with each other and the world.

- 38 The Minister of Commerce has previously indicated that any decision on whether to commence an investigation into airport regulation will be made after the Commission has finalised its report. The Commission is expected to issue a final report no later than 31 March 2025.

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## Annex 1: Talking Points

### MEETING WITH THE CEO OF AIR NEW ZEALAND

#### *Air New Zealand's annual performance*

- I've observed that your performance this year hasn't been as strong as last year's. What are the primary issues that have affected your results?

#### *Government charges at the border*

- I am aware of the fee and levy increases in several sectors that directly or indirectly affect the aviation sector. However, this Government is committed to delivering better results and improved public services for New Zealanders while managing within tight fiscal constraints. Value for money delivery of services and fiscal sustainability expectations apply to all public services, including those that are funded through third party fees, charges and levies.

#### *Decarbonisation*

- I am keen to understand the background on your decision to remove your carbon intensity target.
- What are Air New Zealand's plans to meet the 2050 net zero target?

#### *If the recent meeting of the Minister of Finance and the Minister of Climate Change with their Australian counterparts (also known as the '2+2 meeting') is raised*

- My officials are working with their colleagues in the Treasury and Ministry for the Environment following this meeting. My officials will keep your team updated as this work is progressed.

#### *If Air New Zealand's submission on the Second Emissions Reduction Plan is raised*

- Thank you for your submission on the Second Emissions Reduction Plan. Submissions are currently being analysed by the Ministry for the Environment, and a summary of submissions will be provided to the Minister for Climate Change. My officials will be supporting the Ministry for the Environment with this analysis.

#### *Airport pricing*

- Has there been any further engagement between Air New Zealand and Auckland Airport following the Commerce Commission's draft report on Auckland Airport's pricing?

27 September 2024

OC241090

**Hon Simeon Brown**  
**Minister of Transport**

## MEETING WITH THE NEW ZEALAND AIRPORTS ASSOCIATION

### Snapshot

You are to meet with Billie Moore, Chief Executive of the New Zealand Airports Association (NZ Airports), on 1 October 2024. This briefing covers issues she has signalled she would like to raise at the meeting.

<b>Time and date</b>	1:30 pm, 1 October 2024
<b>Venue</b>	Minister's office, EW5.1, Beehive
<b>Attendees</b>	Billie Moore (Chief Executive)
<b>Officials attending</b>	Siobhan Routledge, Director Aviation, Policy Group
<b>Agenda</b>	No specific agenda
<b>Talking points</b>	See Annex 1

### Contacts

Name	Telephone	First contact
Siobhan Routledge, Director Aviation, Policy Group	s 9(2)(a)	
Tom Forster, Manager, Aviation		✓

## MEETING WITH THE NEW ZEALAND AIRPORTS ASSOCIATION

### Key points

- Many aviation participants are concerned about upcoming increases in government fees and charges affecting the sector, which they expect will have a negative impact on passenger numbers and New Zealand's tourism recovery.
- NZ Airports is concerned about the challenges associated with regional connectivity in New Zealand. NZ Airport's long held view is that the government should provide bespoke funding to promote wider regional air connectivity. The Regional Infrastructure Fund (RIF) offers a potential source of support in this area.
- You will be speaking at the *NZ Airports Hui 2024* on 12 November 2024. The Hui will give you the opportunity to signal your priorities for the civil aviation sector.

*Many aviation participants are concerned about upcoming increases to fees, charges and levies*

- 1 The Civil Aviation Authority (CAA) is carrying out consultation on pricing options to meet its forecast funding shortfall, replenish reserves, and return to sustainability. A range of government agencies have also recently signalled upcoming increases to other fees and charges, such as border processing levies, the International Visitor Conservation and Tourism Levy, and immigration visa fees.
- 2 Many aviation participants, including airports, are concerned about the cumulative effect these increases may have on passenger numbers and the competitiveness of New Zealand as a tourist destination.
- 3 You have emphasised to the CAA that increases to fees, levies, and charges must be proportionate and reasonable, and deliver tangible results for both the sector and passengers. Billie Moore has signalled she would like to discuss with you how NZ Airports can help to support the achievement of these objectives.

*Consultation is under way on alternative delivery arrangements for aviation security services*

- 4 On 27 August 2024, we released a discussion document to a targeted group of stakeholders, including NZ Airports, seeking feedback on options to increase flexibility in the delivery of aviation security services. The document sets out options for outsourcing aviation security services to airlines and airports. The purpose of the consultation is to gauge the interest of airports and/or airlines to deliver specific aviation security services at airports.
- 5 The consultation closes on 22 October 2024. The feedback received will help determine the next steps for this work. We understand that NZ Airports is working with individual airports to develop a submission.

*There are currently risks to regional air connectivity*

- 6 NZ Airports are concerned about the current challenges and uncertainty faced by regional airports. They believe that the challenges identified in their 2017 publication, "*Linking the long white cloud*" have if anything intensified since then, and that the

recommendation at the time that the government should provide bespoke funding to support wider regional air connectivity remains relevant.

[COMMERCIAL-IN-CONFIDENCE]

7

s 9(2)(b)(ii), s 9(2)(g)(i)

8

9

We understand that Billie Moore may be looking to organise a meeting with regional airlines and airports to identify possible sector-driven solutions to regional connectivity issues.

10

s 9(2)(b)(ii)

s 9(2)(f)(iv)

*Airports have been seeking greater transparency on airfares and airline performance*

11

NZ Airports has publicly called for domestic airfares and airline performance to be disclosed to provide greater transparency for consumers.

12

You asked us to develop a monthly on-time performance report for airlines, to provide insights into on-time arrivals, departures, and cancellations and give New Zealanders a clear picture of how well our aviation services are performing.

13

The recently released first report only covers jet services to the main trunk airports. NZ Airports is interested in on-time performance reporting to and from regional airports. We will work with airlines to extend the reporting to include regional and international services.

14

We will also explore options to introduce public reporting on airfares. This would further enhance transparency in the sector and empower consumers with the information they need to make informed decisions and encourage greater competition within the market.

*You will be speaking at the NZ Airports Hui on 12 November 2024*

15

The theme for the Hui, which will be held in Hamilton over 11-14 November 2024, is 'Stronger Network – Better New Zealand'.

16

The Hui will give you the opportunity to signal your priorities for the civil aviation sector, building on the messages you presented in your speech to the Aviation Industry Association Conference on 27 August 2024.

# Biography

## Billie Moore, Chief Executive



Billie has been Chief Executive since December 2022. She has extensive government and stakeholder management experience. Billie is a former diplomat and served as New Zealand’s Consul-General to New South Wales and Queensland for four years. She returned to Wellington in 2019 to lead government relations for Tourism New Zealand, including joining its executive team during the response to Covid-19.

Prior to her current role, Billie was chief adviser at the Ministry for the Environment, working with the chief executive and executive team across the Ministry’s engagement and key relationships.

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## Annex 1: Talking Points

### MEETING WITH THE NEW ZEALAND AIRPORTS ASSOCIATION

#### *Government fees and charges*

- I'm aware that some aviation participants are concerned about how the fees and levy increases planned by several government agencies, including the Civil Aviation Authority (CAA), will affect the sector.
- I've been clear to the CAA that increases to fees, charges and levies must be proportionate and reasonable, and deliver tangible results for both the sector and passengers. I strongly encourage you to participate in the CAA's consultation process.

#### *Regional connectivity*

- I understand the significant challenges being experienced by some regional airports. The Regional Infrastructure Fund may offer an avenue of support to address regional connectivity issues in some cases.
- What solutions do you see to help address regional connectivity issues?

#### *Consultation on alternative delivery arrangements for aviation security services*

- What are your views on the options for outsourcing aviation security services to the airlines and airports presented in the Ministry of Transport's consultation document?

#### *Transparency on airfares and airline performance*

- The Ministry of Transport has begun to produce monthly on-time performance reports for airlines, reflecting my commitment to improving transparency and performance reporting. The reports will give both the sector and New Zealanders a clear picture of how our aviation services are performing.
- I've asked officials to also explore options to report publicly on airfares. This would further enhance transparency, empower consumers with information to make informed decisions, and encourage greater competition within the market.

#### *NZ Airports Hui on 11-14 November 2024*

- Thank you for inviting me to participate in the Hui. I note the theme is '*Stronger Network – Better New Zealand*'. What are your main priorities for this event?



27 September 2024

OC241108

Hon Simeon Brown  
Minister of Transport

## MEETING WITH BOARD OF AIRLINE REPRESENTATIVES NEW ZEALAND

### Snapshot

The Board of Airline Representatives New Zealand (BARNZ) represents airlines operating in New Zealand. You are scheduled to meet with Cath O'Brien on 1 October 2024. This briefing provides background information on issues BARNZ may raise.

<b>Time and date</b>	1.00 - 1:20pm, 1 October 2024
<b>Venue</b>	Minister's office, EW5.1, Beehive
<b>Attendees</b>	Cath O'Brien, Executive Director
<b>Officials attending</b>	Siobhan Routledge
<b>Agenda</b>	No specific agenda
<b>Talking points</b>	See Annex 1

### Contacts

Name	Telephone	First contact
Siobhan Routledge, Director Aviation, Policy Group	s 9(2)(a)	
Tom Forster, Manager, Aviation		✓



## MEETING WITH BOARD OF AIRLINE REPRESENTATIVES NEW ZEALAND

### Key points

- Following the Commerce Commission's draft report on Auckland Airport's charges, BARNZ persists in calling for a government inquiry into airport regulation, with the understanding that final decisions will be made once the Commission's final report is completed by March 2025. <sup>s 9(2)(f)(iv)</sup>  
[REDACTED]
- The new Mānawa Bay shopping centre at Auckland Airport is reported to have caused significant traffic congestion getting to and from the airport. BARNZ is concerned that airlines fund the roads leading to the shopping mall, yet the returns from the mall do not contribute towards funding aeronautical investments at the airport. <sup>s 9(2)(f)(iv)</sup>  
[REDACTED]
- The Ministry has released its first report on-time performance, which covers jets flying New Zealand domestic routes. We will work with BARNZ to extend it to international airlines.
- Many aviation participants are concerned about upcoming increases in government fees and charges affecting the sector, which they expect will have a negative impact on passenger numbers and New Zealand's tourism recovery.

### Auckland Airport Pricing

- 1 In July, the Commerce Commission released its draft report on Auckland Airport's pricing for the five-year period from 1 July 2022 to 30 June 2027. The Commission's preliminary view is that the Airport's planned investment appears appropriate based on the information received. However, the Commission concluded that the Airport's charges over the five-year period are excessive, with the Airport expected to earn about \$200 million in excess profit compared to the Commission's benchmark.
- 2 BARNZ submitted domestic demand studies to the Commission and Auckland Airport during the price-setting process. <sup>s 9(2)(b)(ii)</sup>  
[REDACTED]
- 3 In response to the draft report, airlines have reiterated calls for the Government to urgently commission an independent inquiry into airport regulation. The Minister of Commerce has previously indicated that any decision on whether to commence an investigation into airport regulation will be made after the Commission issues its final report, expected no later than 31 March 2025.
- 4 <sup>s 9(2)(f)(iv)</sup>  
[REDACTED]

5

s 9(2)(f)(iv)

Currently the information disclosure requirements in the Commerce Act applies to Wellington, Christchurch, and Auckland airports.

s 9(2)(f)(iv)

6

If questioned, you should let BARNZ know that decisions will be made on the next steps once the Commission has published its final report on Auckland Airport's pricing.

s 9(2)(f)(iv)

### Mānawa Bay shopping centre

7

A new premium outlet shopping centre, Mānawa Bay, opened within the Auckland Airport precinct on 19 September 2024. It features 188 shops and 2,500 car parks.

8

During the opening weekend, significant congestion hindered travellers and workers trying to access the airport. This resulted in one flight being delayed as the crew was stuck in traffic.

9

The New Zealand Transport Agency (NZTA) is working closely with Auckland Airport to minimise delays. Airport journey timings are now displayed at 26 locations across Auckland.

10

The Airport is likely to face ongoing traffic congestion, particularly during busy retail periods like Christmas, Easter, and school holidays. Future planning for key high-demand shopping days is underway between the Airport and NZTA, and lessons identified from the opening weekend will support this planning.

11

According to BARNZ, airlines were not consulted about the mall development and had no chance to discuss traffic flow, demand for the mall, or its impact on passengers and staff. BARNZ notes that the roads developed by the Airport to the new outlet mall have been included in aeronautical pricing, and airlines have paid up to s 9(2)(b)(ii) of the road costs.

12

Airlines are concerned that the commercial profits from Auckland Airport's activities do not support its aeronautical business. Money earned from the mall does not contribute to the airport rebuild underway.

s 9(2)(f)(iv)

### On-Time Performance (OTP) Reporting

13

Following your announcement to commence OTP reporting, the Ministry has developed and published the first report on Friday 27 September.

s 9(2)(f)(iv)

- 14 BARNZ was disappointed that they had not been consulted prior to the announcement. However, following your announcement we met with the airlines and BARNZ to discuss the report, and they made a number of suggestions.
- 15 Following this meeting, you agreed that we would start with domestic jets and gradually extend the report to include international and regional travel. The airlines also suggested alternative data sources and Air New Zealand and Jetstar provided the data used for the first report.
- 16 We will continue to work with BARNZ and the airlines as we undertake work to extend the OTP report to include regional and international services.

### Ohakea

- 17 Ohakea airbase is used as an emergency alternative port for some long haul international flights to Auckland. When Ohakea is not available as an emergency alternative, aircraft need to use another alternative port, generally Christchurch Airport. Using Christchurch requires planes to carry more fuel, which affects aircraft weight and, therefore, passenger and freight capacity.
- 18 Progress has been made regarding the firefighting issues that had previously been an issue at Ohakea. However, Ohakea's availability remains limited due to the lack of overnight air traffic controller (ATC) services.
- 19 BARNZ is working with Airways on possible solutions to the ATC issues.

s 9(2)(f)(iv)

20

### Border levy increases

- 21 The Civil Aviation Authority is carrying out consultation on pricing options to address its forecast funding shortfall, replenish reserves, and return to sustainability. This process follows recent government consultations on other proposed fee increases, including the International Visitor Conservation and Tourism Levy, as well as immigration visas.
- 22 The airline sector is concerned about the cumulative impact of rising border charges on New Zealand's competitiveness as a destination. BARNZ believes these increasing costs will make New Zealand unattractive, as international airlines will need to pass the additional expenses on to travellers.
- 23 BARNZ has informed the Ministry that visitor demand for New Zealand is soft, and airlines are observing this in bookings during New Zealand's traditional peak season, particularly in February and March.
- 24 BARNZ and NZ Airports have asked for a meeting with Minister Doocey to discuss the impacts of the border levies on tourism.

## Biographies



### **Cath O'Brien, Executive Director of Board of Airline Representatives NZ**

Cath O'Brien, leader of BARNZ, is a strong advocate for aviation recovery in New Zealand. With a background in aviation and energy regulation, she effectively represents BARNZ members, particularly on airport pricing. Before joining BARNZ in 2022, she was Head of Regulatory Affairs at Air New Zealand, working on sustainable aviation and Covid-19 response. She holds a Masters in Art History and has studied at the London School of Economics (LSE) and Harvard.

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## Annex 1: Talking Points

### MEETING WITH BOARD OF AIRLINE REPRESENTATIVES NEW ZEALAND

#### *Auckland Airport Pricing*

- Once the Commission makes its final determination the Minister of Commerce will decide on the next steps regarding the regulatory settings for aviation.

#### *Mānawa Bay Shopping Centre*

- NZTA is working closely with the airport to minimise traffic delays. Future planning is also underway for key high-demand shopping days.

#### *On-time performance reporting*

- I am committed to improving transparency and performance reporting
- I want to make it very clear that this reporting is not intended to undermine the industry's commitment to making safety its first priority.

#### *Ohakea Airport*

- Are there other solutions you have explored with Airways outside the current proposals?

#### *Border Levy Increases*

- This Government is committed to delivering better results and improved public services for New Zealanders while managing within tight fiscal constraints. Value for money delivery of services and fiscal sustainability expectations apply to all public services, including those that are funded through third party fees, charges and levies.

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