

Budget Sensitive

Office of the Associate Minister of Transport

Cabinet Economic Policy Committee

International aviation connectivity resilience - availability of Ohakea as an alternate runway

Proposal

- 1 This paper seeks to improve New Zealand's international aviation connectivity resilience by ensuring the Royal New Zealand Air Force (RNZAF) Base Ohakea (Ohakea) is available on a full-time 24-hour basis as an alternate runway for international flights. This includes agreement to reprioritise savings within Vote Transport as interim funding to cover costs of extending the provision of air traffic control (ATC) services until ongoing funding can be considered via the next Airways funding review.

Relation to government priorities

- 2 This aligns with this Government's priority to lift economic growth by reducing barriers and costs for international airlines to operate flights to New Zealand and supports the tourism growth agenda to ensure our aviation settings are fit for purpose and enable connectivity.
- 3 Cabinet invited me to report back on progress of making Ohakea available on a full-time basis to support greater aviation connectivity [CAB-25-MIN-0307]. Ensuring 24/7 availability of Ohakea was a key recommendation of the cross-industry and government Aviation Council. The recently announced Aviation Action Plan set December 2026 as the target for this action.

Executive Summary

- 4 All commercial flights are required to nominate an alternate runway, should the destination airport become unavailable on arrival. New Zealand only has three runways that can accommodate large aircraft: Auckland, Christchurch, and Ohakea. Ohakea is the optimal choice as the nominated alternate runway for long-haul international flights to New Zealand.
- 5 While the RNZAF has made Ohakea available on a fulltime basis as an alternate runway, the lack of ATC services during overnight hours limits airlines scheduling flexibility and increases operational costs to service New Zealand routes. This contributed to Qatar Airways recently downgauging its capacity to New Zealand, with the loss of around 20,000 inbound seats per year.
- 6 Airlines are currently paying to nominate Ohakea as an alternate runway. This is an unusual arrangement within the commercial user-pays aviation system as airlines pay for services they use (nominating an alternate runway is not

equal to using an alternate runway). Fulltime access to Ohakea is an important enabler of our international connectivity and supports the Government's tourism growth goals. I am proposing to reprioritise savings within Vote Transport to cover costs to extend ATC services at Ohakea until 1 July 2028. § 9(2)(f)(iv)

Context of Ohakea as an alternate runway

- 7 All commercial flights are required to nominate an alternate runway in their flight plans as part of global requirements for aviation safety, as they ensure a flight has somewhere safe to land if the destination airport is closed on arrival. Airlines will choose alternate runways that are convenient and have the required level of rescue fire services and ATC services. This should not be confused with diversions caused by in-flight emergencies.
- 8 New Zealand only has three long runways (Auckland and Christchurch International Airports, and Ohakea) that can safely accommodate large aircraft (such as Boeing 767, 777, 787, Airbus A350, A380). The RNZAF already allows Ohakea to be nominated as an alternate runway for international flights to New Zealand by large aircraft, but this is not available 24/7 due to the lack of ATC availability. This arrangement is operationalised via an Agreement between the RNZAF, Board of Airline Representatives New Zealand (BARNZ), and Air New Zealand (the Agreement¹).
- 9 Ohakea is an ideal choice as an alternate runway due to its location roughly halfway between Auckland and Christchurch Airports. The benefits of having Ohakea available means aircraft can carry less reserve fuel, reducing costs to airlines. For ultra-long-haul flights, carrying less fuel can increase their passenger and freight carrying capacity. Around 126 international flights per week nominate Ohakea as the alternate runway. When Ohakea is unavailable, large aircraft scheduled to land at Auckland can only nominate Christchurch, and vice versa.
- 10 While alternate runways must be nominated for each commercial flight, it is very rare that they are actually used. In New Zealand, most flight diversions are due to weather conditions at the destination airport. This usually only impacts domestic and smaller international (trans-Tasman and South Pacific) flights, and not the large aircraft that nominate Ohakea. There have been no flight diversions by large aircraft to Ohakea since the resumption of international travel following the pandemic. The two most recent flight diversions to Ohakea were caused by obstructions on the Auckland runway.

Limitations of Ohakea as an alternate runway

- 11 Ohakea has limited availability to be nominated as an alternate runway due to the lack of full-time ATC services for the aerodrome. All other operational requirements covered by the RNZAF are available on a fulltime basis. ATC

¹ Ohakea is a certificated military aerodrome which allows civilian aircraft to use the aerodrome with the prior permission of the Base Commander. The Agreement achieves this requirement.

services are currently available between the hours of 0500-2230 Monday to Friday, and 0500-2200 weekends and public holidays.

- 12 Most large aircraft flying to New Zealand are destined for Auckland, so Christchurch becomes the only available alternate runway when Ohakea is unavailable. For ultra long-haul flights (such as Doha to Auckland) this can prevent the aircraft flying with full passenger or freight loadings due to the requirement of carrying extra reserve fuel for Christchurch.
- 13 Christchurch's susceptibility to winter fog conditions can result in international flights being delayed by up to six hours to ensure Christchurch can be nominated as the alternate runway. This has significant knock-on effects and costs for airline operations and makes New Zealand a less appealing destination for long-haul flights who only have that airport to designate as their alternate runway.

Airlines are paying to nominate Ohakea as an alternate runway

- 14 In New Zealand, commercial aviation operates as a user-pays system with costs (such as air navigation services, regulatory oversight, infrastructure) recovered from industry. Any costs to an airport for being available as an alternate runway are recovered through the landing charges from scheduled flights at that airport. Airlines usually only pay fees (landing and ground handling charges) if a flight is diverted to an alternate runway. Long-haul international flights will nominate several alternate runways across the intended flight path.
- 15 However, airlines pay \$4.560 million per year to nominate Ohakea as an alternate runway. As Ohakea is a military base without scheduled commercial flights, the RNZAF cannot use standard commercial cost recovery mechanisms to ensure the necessary operational requirements for diverted commercial flights are in place.
- 16 Airlines pay a capped \$1.0 million access fee to nominate Ohakea. This access fee is collected by the RNZAF and is returned to the centre.
- 17 The RNZAF charges fixed costs to airlines of \$2.803 million per year to cover the additional costs of the necessary support services to support a diverted commercial flight. This includes additional firefighters, firefighting training, additional refuellers, and contributions to infrastructure (runway maintenance), facilities, and CAPEX (fire appliances and ground support equipment). Airlines also pay MetService for meteorological services.
- 18 The Airways Pricing Framework does not apply to Ohakea. Airways is contracted to provide ATC services at Ohakea by the RNZAF for the hours of 0730-2230 Monday to Friday (excluding public holidays). Airlines pay Airways for the extended hours of 0500-0730 Monday to Friday, and 0500-2200 weekends and public holidays (this is channelled via Air New Zealand). This leaves an overnight gap where Ohakea cannot be nominated as an alternate runway.

- 19 The total costs are shared between the BARNZ member airlines proportionate to the number of scheduled flights each month. If a flight diverts to Ohakea, then the airline will pay an additional landing and handling charge.
- 20 These nomination costs are in addition to the standard landing and border charges that airlines pay for flights to New Zealand, which can be substantial. For example, the current charges for an A350 with 325 passengers to land and depart from Auckland Airport can be around \$45,000.

Impact on airlines and to tourist spend

- 21 Following the resumption of international travel post-pandemic, Qatar Airways operated an Airbus A350-1000 as a daily service on the Doha to Auckland route. Due to the unavailability of Ohakea at the scheduled arrival time, Qatar Airways generally had to carry 55 empty seats on each flight to offset the additional fuel requirements to nominate Christchurch as the alternate runway.
- 22 Qatar Airways has recently downgauged this service to a smaller B777-200LR aircraft (which has 55 fewer seats) resulting in a loss of around 20,000 seats per year. This impacts the Government's ability to meet our goal of returning to 2019 visitor arrival numbers by 2026. A key driver of this decision is that Ohakea is not available on a full-time basis.
- 23 An A350-1000 can contribute 16 tonnes of freight capacity (\$1.48 million average freight value on a return flight) and up to 327 seats capacity (approximately \$545,000 tourist spend from a single flight). Officials estimate that the loss of 55 seats on each flight (whether from the empty seats on the A350 or fewer seats on the B777) equates to:
- 23.1 around \$135,000 in lost revenue per flight for Qatar Airways (around \$49.3 million per year),
- 23.2 around \$105,000 in lost tourist spend per flight (around \$38.3 million per year),
- 23.3 up to \$2,500 in lost International Visitor Conservation and Tourism Levy per flight (around \$900,000 per year).

24 ^{s 6(b)} [REDACTED]. These flights carry connecting passengers from Europe, Africa, and India, and for scheduling reasons the preferred arrival time is often early morning in New Zealand, which is outside the current availability of Ohakea.

25 [Commercial in confidence] ^{s 6(b)} [REDACTED]

s 6(b)

- 26 In order to grow our tourism offerings and expand into new tourism markets, we need to have the ability for wide-body aircraft from the Middle East and other long-haul and ultra long-haul destinations (including North America and India) to be able to fly non-stop to New Zealand at times that suit their schedules and are cost effective to airlines.

Making Ohakea available on a full-time basis

- 27 Officials have investigated options to enable Ohakea to be nominated as an alternate runway during the hours it is currently unavailable. Regulatory relief options (using an Isolated Approach Procedure or Unattended Aerodrome Procedure) have been discounted by the safety regulator and airlines on flight safety grounds. Airlines do not want their pilots who have been flying for long hours to attempt to navigate to and land at an unfamiliar airport at short notice without full ATC available. Provision of services by a digital tower has been discounted by the RNZAF and Airways as cost-prohibitive (as it would duplicate existing requirements) and would be at least five years away from implementation.
- 28 Airways have advised that providing full-time ATC services for Ohakea will require an additional 4.0 FTE to be added to the Ohakea Tower roster, and an additional 4.0 FTE to be added to the Christchurch Surveillance Centre roster. Airways have provided cost estimates that factor in a phased approach to recruitment and training over the next 12 to 18 months. The total labour cost is \$2.33 million per year which includes an additional 8.0 FTE, and an increase in roster costs for all 33.0 FTE (due to an increase in shift and penal rate payments). Airways have worked to reduce the overall costs (initially estimated at \$3.1 million per year) and offered to absorb the associated overhead costs within baselines.

	Estimate FY26	Estimate FY27	Estimate FY28
Additional 8.0 FTE	\$0.45m	\$1.39m	\$1.91m
Impact to roster changes for 33.0 FTE	\$0.10m	\$0.31	\$0.42m
Total	\$0.55m	\$1.70m	\$2.33m

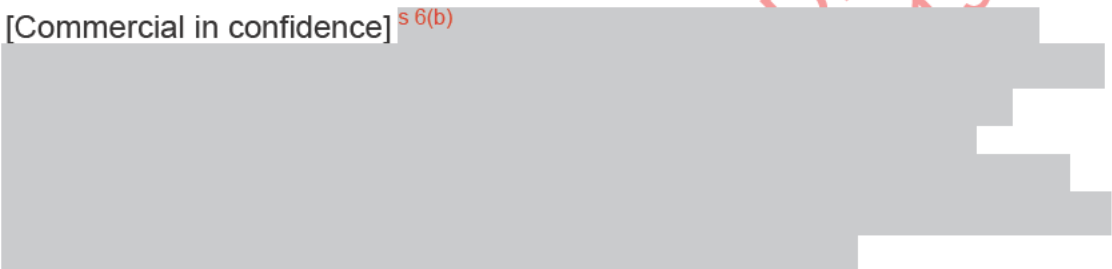
- 29 Airways do not have staff that can be readily redeployed to Ohakea, nor can the extra hours be provided via an “on call” system (due to regulated stand-down hours between shifts and the collective employment agreement).

Benefits to airlines

- 30 An analysis of the Auckland and Christchurch airport slot filings for the month of November indicates an average of 51 flights per week have scheduled arrival times while Ohakea is unavailable. These flights would all immediately benefit from reduced fuel costs if Ohakea was available on a 24/7 basis.

- 31 Smaller aircraft that can use shorter runways (such as Boeing 737, Airbus A320, 321, 330) operating international flights have more choice of commercial airports (Auckland, Hamilton, Wellington, Christchurch) to nominate as the alternate runway, though they can also nominate Ohakea on an occasional basis. Air New Zealand advise around six of their very early morning trans-Tasman flights are cancelled each year due to the unavailability of an operational alternate runway (when there are closures due to weather conditions, runway works, and the curfew at Wellington Airport).
- 32 Airways have indicated it will take 12 to 18 months to recruit, train, and certify new staff for the Ohakea ATC services. However, as airlines schedule flights on a six-monthly outlook, a decision to ensure Ohakea is available on a full-time basis as an alternate runway will send a strong signal to airlines and support ongoing trade negotiations and our efforts to reach our tourism growth goals.

33 [Commercial in confidence] s 6(b)



Proposal to secure funding

34 s 9(2)(f)(iv)



- 35 I am seeking Cabinet's agreement to provide funding until the next Airways pricing round commencing on 1 July 2028. This will be funded through reprioritisation in the first instance. Savings have been identified within Vote Transport to support that reprioritisation.
- 36 I will work with the Minister for State Owned Enterprises to explore whether the ongoing Ohakea costs can be incorporated into the next Airways Pricing Framework, though this would require the agreement of all airlines (including those who do not nominate Ohakea as an alternate runway).
- 37 Securing funding now will enable Airways to initiate recruitment, training, and rating of staff for Ohakea ATC services. Airways have advised officials that a cohort is nearing the end of their initial training. Should funding certainty be provided prior to Christmas, Airways will assign two members of this cohort to the Ohakea ATC services. Otherwise, it will be 12 months until members of the next training cohort can be assigned to Ohakea.

Cost-of-living and other implications

- 38 This paper does not have any cost-of-living, legislative, human rights, or population implications.

Financial implications

- 39 In October 2025, Cabinet directed Maritime New Zealand to cancel the contract for the interim Emergency Ocean Response Capability (EORC) solution in the Cook Strait [ECO-25-MIN-0170 refers]. This is expected to result in savings of approximately ^{s 9(2)(f)(iv)} [REDACTED] in Vote Transport, which can be reprioritised to Ohakea ATC costs. Minister Bishop has indicated support for this reprioritisation.

- 40 Should Cabinet agree to the reprioritisation of EORC savings for Ohakea ATC, this will create an ongoing funding obligation for which there is no funding available beyond 2027. Airlines are currently paying a \$1.0 million access fee to nominate Ohakea as an alternate runway, which is returned to the centre. ^{s 9(2)(f)(iv)} [REDACTED]

- 41 ^{s 9(2)(f)(iv)} [REDACTED], I will consider other appropriate funding sources to manage outyear costs, including potential adjustments to the Airways Pricing Framework and other options. If no viable options are identified, either the initiative would cease during 2027, ^{s 9(2)(f)(iv)} [REDACTED]

Use of external Resources

- 42 No external resources have been used to prepare this paper.

Consultation

- 43 The Ministry has consulted with the RNZAF, the Ministry of Business, Innovation and Employment, the Treasury, and the Ministry of Foreign Affairs and Trade. Airways were consulted on their costs only.

Communications

- 44 Should Cabinet agree to my proposal, I intend to write to airlines to encourage them to consider how 24/7 availability of Ohakea could enable them to increase capacity of flights and freight. I will also issue a press release.

Proactive Release

- 45 This paper will be proactively released on the Ministry of Transport's website.

Recommendations

The Associate Minister for Transport recommends that the Committee:

B U D G E T S E N S I T I V E

- 1 **note** that in September 2025, Cabinet invited me to report back on of making Ohakea available on a full-time basis to support greater aviation connectivity [CAB-25-MIN-0307];
- 2 **note** the RNZAF has made Ohakea available as an alternate runway for large aircraft on international flights to New Zealand and that access is limited by the hours air traffic control services are available;
- 3 **note** this limitation increases costs for airlines, and is perceived as a barrier to airlines commencing long-haul routes to New Zealand;
- 4 **note** this contributed to Qatar Airways downgauging their capacity to New Zealand, with the loss of approximately 20,000 inbound seats per year;
- 5 **note** airlines are paying fees to nominate Ohakea as an alternate runway for the hours it is currently available;
- 6 **agree** that there is a compelling case for Ohakea to be available on a full-time basis as an alternate runway for large aircraft on international flights to New Zealand which will support the Government’s tourism growth goals, and that funding will be required to secure this in the short to medium term;
- 7 **note** that in October 2025, following Cabinet agreement [ECO-25-MIN-0170 refers] Maritime New Zealand cancelled the interim EORC solution for the Cook Strait effective from February 2026, resulting in savings of approximately ^{s 9(2)(f)(iv)} [REDACTED] which would be reprioritised to other priorities or cost pressures within Vote Transport ^{s 9(2)(f)(iv)} [REDACTED] is available to be transferred now, with the residual amount to be confirmed following final contract wind-up in February;
- 8 **agree** to reprioritise funding of \$4.570 million from the EORC which is immediately available to provide Airways with funding for two years to give effect to recommendation 5;
- 9 **agree** to establish the following new appropriation:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry of Transport	Airways New Zealand: Air Traffic Control Services for Ohakea	Non-departmental Output Expense	This appropriation is limited to expenses incurred by Airways New Zealand for providing air traffic control services for Ohakea.

- 10 **approve** the following fiscally neutral adjustments to give effect to the policy decision in recommendation 7 above, with no impact on the operating balance and/or net core Crown debt over the forecast period:

BUDGET SENSITIVE

Vote Transport Minister of Transport	\$m – increase/(decrease)				2029/30 & Outyears
	2025/26	2026/27	2027/28	2028/29	
Non-departmental Output Expenses: Airways New Zealand: Air Traffic Control Services for Ohakea	0.540	1.700	2.330	-	-
Non-departmental Other Expenses: Emergency Ocean Response Capability	-	(4.570)	-	-	-
Total	0.540	(2.870)	2.330		

11 **agree** that the proposed changes to appropriations for 2025/26 above be included in the 2025/26 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

12 s 9(2)(f)(iv) [REDACTED]

[REDACTED]

[REDACTED]

13 **note** I will work with the Minister for State Owned Enterprises to explore whether the ongoing Ohakea costs can be incorporated into the next Airways Pricing Framework, effective from 1 July 2028.

Authorised for lodgement

Hon James Meager

Associate Minister for Transport

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