


OC250516

23 June 2025

Tēnā koe 

Following an exchange of emails regarding release of information you had provided to the Ministry under the Official Information Act 1982 (the Act), you noted that:

"I'd appreciate a copy of the OIA release being shared with me too, when appropriate after it has gone to the requester".

We have considered your email as a request for information under the Act.

One briefing is in scope of the request. The briefing is released to you with some information withheld under the following sections of the Act:

- | | |
|-------------|--|
| 9(2)(a) | to protect the privacy of natural persons |
| 9(2)(b)(ii) | to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information |
| 9(2)(f)(iv) | to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials |

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

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

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

Nāku noa, nā



Tom Forster
Manager, Aviation



1 May 2025

OC250384

Hon James Meager

Action required by:

Acting Minister of Transport

Tuesday, 6 May 2025

OPTIONS TO SUPPORT REGIONAL AIR CONNECTIVITY

Purpose

To attach advice on options to promote regional connectivity, for discussion with the Regional Development Ministerial Group (RDMG) on 6 May 2025.

Key points

- On 12 March 2025, the Ministry of Transport (the Ministry) and the Ministry of Business, Innovation and Employment Kānoa provided you and the Minister for Regional Development with joint advice on options to promote regional air connectivity s 9(2)(f)(iv)

- You and the Minister for Regional Development directed officials to s 9(2)(f)(iv) – for consideration by the RDMG at its next meeting on 6 May 2025.

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

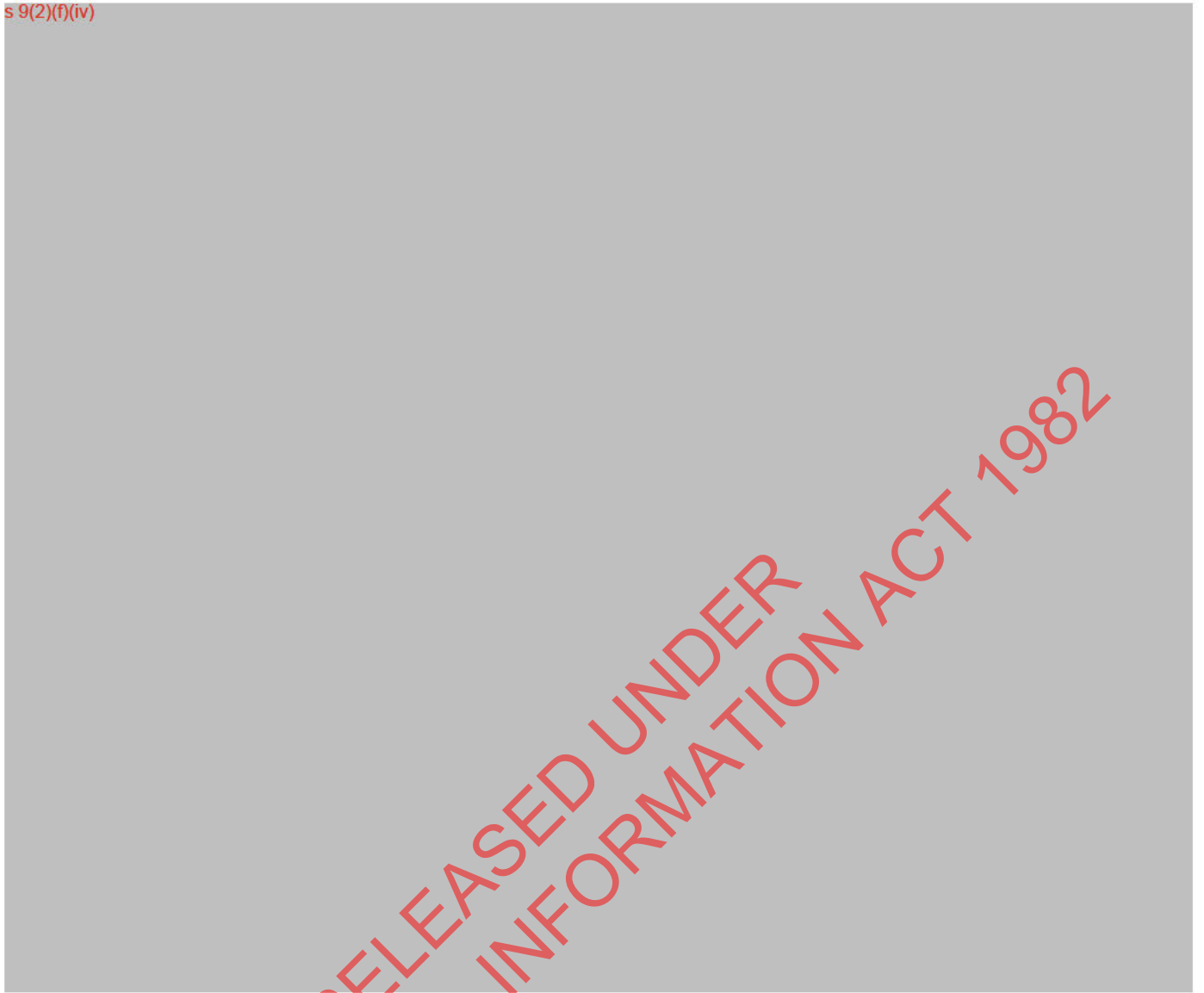
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- We comment on the key categories of options below.

s 9(2)(f)(iv)

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s 9(2)(f)(iv)



[Handwritten signature]

Tom Forster
Manager Aviation

1 /5 / 2025

Hon James Meager
Acting Minister of Transport

..... / /

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Contact

Name	Telephone	First contact
Tom Forster, Manager, Aviation	s 9(2)(a)	✓



JOINT BRIEFING

Options to support regional air connectivity

Date:	1 May 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	REQ-0013207

Action sought		
	Action sought	Deadline
Hon Nicola Willis Minister of Finance	s 9(2)(f)(iv)	6 May 2025
Hon Tama Potaka Minister for Māori Development		
Hon Simon Watts Minister of Local Government		
Hon James Meager Acting Minister of Transport		
Hon Shane Jones Minister for Regional Development		

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Karl Woodhead	General Manager, Strategy, Planning and Performance, Kānoa – Regional Economic Development & Investment Unit	s 9(2)(a)	
Siobhan Routledge	Acting Deputy Chief Executive, Policy, Ministry of Transport		

The following departments/agencies have been consulted:
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Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



JOINT BRIEFING

Options to support regional air connectivity

Date:	1 May 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	REQ-0013207

Purpose

To seek the Regional Development Ministerial Group's direction on the types of options it wishes to progress to ensure key regional routes continue to be serviced and that regional flights are affordable to New Zealanders.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Transport (MoT) recommend Ministers:

s 9(2)(f)(iv)


Karl Woodhead
**General Manager, Strategy, Planning
and Performance, Kānoa – Regional
Economic Development & Investment
Unit, MBIE**
1 / May / 2025


Siobhan Routledge
Acting Deputy Chief Executive, Policy
Ministry of Transport

1 / May / 2025

Hon Nicola Willis
Minister of Finance

..... / / 2025

Hon Tama Potaka
Minister for Māori Development

..... / / 2025

Hon Simon Watts
Minister of Local Government

..... / / 2025

Hon James Meager
Acting Minister of Transport

..... / / 2025

Hon Shane Jones
Minister for Regional Development

..... / / 2025

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Background

1. Kānoa – Regional Economic Development & Investment Unit (Kānoa) provided advice on regional air connectivity to the Regional Development Ministerial Group (RDMG) in September 2024, s 9(2)(b)(ii)

s 9(2)(f)(iv)

2.

Context on New Zealand's domestic aviation network

3. Regional air connectivity is crucial for New Zealand's regions in enabling and ensuring residents and businesses in remote areas have access to essential services, economic opportunities, and social connections.
4. Most communities are well served by the regional air network. However, as noted in our previous advice to the RDMG, supply chain issues, workforce shortages, rising input costs and the high cost of capital, particularly for smaller airlines, are risking the provision of some services, while regional airports are facing increasing infrastructure costs and ongoing funding constraints. In addition, regional airfares in New Zealand are high cost, for example with Consumer NZ highlighting significant price increases compared to pre-pandemic levels and limited competition on routes.
5. These problems have created concerns around route retention and the affordability of regional travel. Engagement with regional and sector stakeholders has identified the retention of regional routes and ensuring affordable airfares as two key regional air connectivity priorities.

Work is already underway to support regional air connectivity

6. There is work underway across government to support regional air connectivity. A summary of this work is included at **Annex One**. Key activities include:

Public reporting of on-time performance (OTP) data and airfares

7. MoT is about to commence public on-time performance (OTP) on regional routes. This provides greater transparency for consumers by providing information on on-time arrivals, departures and cancellations.
8. MoT is also actively exploring public reporting of certain airfares to further improve transparency for New Zealand consumers. s 9(2)(f)(iv)

Supporting workforce development

9. The Interim Aviation Council, chaired by MoT and made up of senior leaders from the public and private sectors, is exploring ways industry participants can address current and future workforce shortages in the sector – in particular, shortages of pilots and engineers. As part of this, the Ministry of Education is working with stakeholders to examine the current tertiary education policy settings for the education and training of pilots and identify any potential improvements in this area.

Strengthening the Commerce Commission's oversight of pricing decisions made by airports

10. The Minister of Commerce and Consumer Affairs is considering options to improve the oversight regime for airports. Only the Auckland, Christchurch and Wellington airports are currently regulated. Although this work does not apply directly to regional airports, it would impact regional flights using these airports.

Kānoa is assessing current RIF applications for funding from aviation participants

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

- 12.

Aviation participants have put forward proposals for Government consideration

13. The NZ Airport Association (NZAA) regional airlines and airports have developed a package of proposals they would like the Government to consider to support regional air connectivity, including:
- a. Supporting immediate equitable access to finance for regional airlines to reduce their capital costs
 - b. Establishing Public Service Obligations (PSOs) for selected regional air routes, based on the programmes in place in the European Union, to ensure sustainable connectivity is confirmed for more remote New Zealand communities, and to provide a mechanism to help stabilise airline income and make it easier to access financing
 - c. Providing RIF funding for non-commercial airports for essential infrastructure upgrades, to future-proof their connectivity and better facilitate ongoing participation by airlines on those routes
 - d. Utilising Letters of Expectations to Air New Zealand to support regional connectivity.
14. The *New Zealand Airports: Future Infrastructure Requirements* report commissioned by New Zealand Trade and Enterprise and the NZ Airports Association also highlights a range of investment opportunities to support regional connectivity including exploring centralised procurement of aircraft, establishing a contestable aviation attraction fund, supporting access to capital for airlines, airport-specific infrastructure project, and supporting innovative connectivity technologies. The joint report will be released at the Airports Day conference on 13 May 2025¹.

Overview of options to support regional air connectivity

15. Following discussions with the Minister of Regional Development and the Acting Minister of Transport, s 9(2)(f)(iv)

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Annexes

Annex One: Overview of options to support regional air connectivity (for discussion)

Annex Two: RIF applications received which could support regional connectivity as at 29 April 2025

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Annex One – Overview of options to support regional air connectivity


Attached separately.

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Overview of options to support regional air connectivity

Options helping to ensure key regional routes are and continue to be serviced and that regional flights are affordable to New Zealanders.

Overview of work already underway

- **Supporting workforce development** - the Interim Aviation Council (comprising govt agencies and aviation participants), is exploring ways to address workforce issues in the sector. As part of this, the Ministry of Education is working with stakeholders to examine the current tertiary education policy settings for the training of pilots and identify any potential improvements.
- **Monitoring of air services** – the Ministry of Transport is about to commence public reporting on regional on-time performance.
- **Commerce Commission oversight of airport pricing**  Minister of Commerce and Consumer Affairs is considering options to improve the oversight regime for airports.
- **Airport and supporting infrastructure** – some projects have been included within RIF proposals, a number of which are focused on improving the financial sustainability of airports by introducing other revenue streams. Only one has been approved to date (Hokitika).

Market study into competition in the aviation sector. This could investigate airport pricing structures and impacts on competition, barriers to increased competition in regional aviation. (Initial analysis completed by the Commerce Commission though has not identified any obvious solutions that would significantly improve competition.)

Overview of options to support regional air connectivity

Options helping to ensure key regional routes are and continue to be serviced and that regional flights are affordable to New Zealanders.

s 9(2)(f)(iv)

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Annex Two: RIF applications received which could support regional connectivity as at 29 April 2025

Project	Description	Total value (\$m)	Funding sought (\$m)	Status
Airport infrastructure applications				
Hokitika Airport Redevelopment	To complete an extensive upgrade at Hokitika Airport This proposal could be funded from the proposed \$30 million ring-fenced infrastructure fund	16.400	9.800	Approved as at 27 February 2025 (REQ-0009135)

s 9(2)(f)(iv), s 9(2)(b)(ii)

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