

	Benefits	Drawbacks	Comment
Option 3: Set the scope for reviews via an alternative mechanism	<p>List of reviewable decisions would be consulted on with the sector and set by the Minister of Transport after the Bill has been enacted.</p> <p>The types of decisions eligible for review would be periodically reviewed (likely three-yearly) to ensure the review panel remains fit for purpose and is meeting the needs of those who may need to use their services.</p> <p>Aligned with the UK approach.</p>	<p>Not reflected in earlier drafting of the Departmental Report.</p> <p>Provides least visibility, at this stage, to the sector about which decisions will be reviewable (although the review mechanism will still be established).</p>	<p>Officials' preferred option.</p> <p>s 9(2)(g)(i)</p> <p>The Committee has asked for a paper on this and for this to be discussed on 12 May.</p> <p>If the Committee disagrees then this would require a Supplementary Order Paper.</p>

Design choice 3: Should the review cover people and things?

- 37 Reviews may relate to decisions about an individual (for example a decision to revoke a pilot's license), or to a decision taken regarding an aviation "thing" that has an impact on the person.
- 38 The two are inextricably linked and we do not believe it would be appropriate to limit the review to one or the other.
- 39 The scope and scale of decisions captured is likely to depend on whether a further threshold is introduced as explored in Table 3 above.

Design choice 4: Should the review be focused on setting standards, or applying standards?

- 40 The review process is not intended to capture the setting of standards within the civil aviation system, which is done for safety, security and in the public interest, but rather focuses on how those standards are applied.

ANNEX 1. COPY OF RELEVANT RECOMMENDATIONS (INDEPENDENT REVIEW)

Clause	Summary of issue and officials' comments	Recommendation
New insertion	<p>Independent review of regulatory decisions – We recommend providing for an independent review process of regulatory decisions made by the CAA and Director when they exercise their functions under the Bill and the corresponding rules and regulations. This independent review will provide for greater transparency of the CAA's regulatory decision-making processes without conflicting with the Director's role in overseeing a safe and secure civil aviation system and the corresponding need for the Director to ultimately be able to make decisions in the public interest. We do not recommend that anyone, other than the Court, have the ability to overturn decisions made by the Director. We consider it fundamental to the safe and secure operation of the aviation system that the Director maintains ultimate responsibility for aviation regulatory decisions unless a decision. Enabling decisions to be overturned by an independent person or body could lead to poor safety outcomes and unclear accountability for the safety and security of the civil aviation system. Independent reviewers would use soft power to influence and draw attention to certain decisions rather than overrule the Director. We suggest that the existing review and appeal mechanisms (e.g., the medical convener process and appeals to the District Court) are maintained in addition to the new process.</p>	<p>We recommend the Bill be amended to:</p> <ul style="list-style-type: none"> • require the Minister to appoint at least one independent reviewer. • specify that independent reviewers must be suitably experienced, trained, or otherwise qualified to review regulatory decision-making processes, be able to represent the public interest in aviation safety, and not be conflicted about the subject matter of any reviews • enable independent reviewers to call on any necessary expertise to support the review, and to be able to require and accept information from the applicant and the Director, with any necessary caveats due to the nature of information held by the CAA. • require participants submit written applications for independent review of a decision. • specify that all decisions that the Director makes under the Bill (or rules or regulations) carry a right of review. However, we recommend that certain decisions are excluded on the basis that it would be inappropriate for a review, these include – <ul style="list-style-type: none"> ○ any decision in relation to a notice of aviation security searching issued under clause 155; ○ any decision pursuant to a Ministerial direction under clause 357; ○ any decision take could be subject to a review by the Medical Convener under sections 19 and 20 of Schedule 2; ○ any decision to initiate proceedings against any offence under this Act or regulations made under this Act; ○ any decision to create an emergency rule under section 67; ○ any decision to carry out Director testing under section 116 • outline the process for reviews, including that the independent reviewer must: <ul style="list-style-type: none"> ○ complete the review as soon as practicable ○ have regard to the purposes of the Bill and the Director's duties under the Bill ○ report findings in writing to the Director as well as to the applicant ○ consider all relevant information provided ○ complete the review in private • confirm that any decision by the Director under review remains in force during the review • confirm that when the Director receives the review findings: <ul style="list-style-type: none"> ○ the Director will be required to either make a new decision that implements the findings or confirm their existing decision and provide a written explanation to the reviewer and the applicant as to why they haven't implemented the findings; and ○ if the decision is of a kind for which there is a right of appeal, the time for appeal will run from the confirmed (or new) decision; and o that CAA must hold all review findings submitted to the Director as CA records (under clause 38) • The findings of the independent reviewer are not appealable

Source: Excerpt from *Te Pira mō te Mana Rererangi the Civil Aviation Bill: Report of Te Manatū Waka – Ministry of Transport (March 2022)*, page 22.

10 May 2022

OC220236

Hon Michael Wood
Minister of Transport

Action required by:
Thursday, 12 May 2022

Hon Nanaia Mahuta
Minister of Foreign Affairs

Action required by:
Thursday, 12 May 2022

NEW ZEALAND AND TIMOR-LESTE: SIGNING AN AIR SERVICES AGREEMENT

Purpose

Seek your approval for New Zealand to sign an air services agreement with Timor-Leste.

Key points

1. Officials have negotiated, by correspondence, an open skies air services agreement with Timor-Leste. Services that might result from the Agreement would enhance New Zealand's international connectivity.
2. Cabinet has recently agreed to delegate to the Ministers of Transport and Foreign Affairs the authority to approve the outcome of air services negotiations, including any resulting treaty action CAB-22 (Min 0162 refers).
3. This paper recommends that you approve the text of the Agreement with Timor-Leste and agree that New Zealand sign the Agreement.
4. There are no specific risks associated with the Agreement.



Tom Forster
Manager, Economic Regulation



Mark Sinclair
For Secretary of Foreign Affairs

Recommendations

We recommend you:

- 1 **note** that a mandate to negotiate an air services agreement with Timor-Leste was issued by the then Ministers of Transport and Foreign Affairs in June 2017
- 2 **note** that New Zealand and Timor-Leste officials have negotiated, by correspondence, the *Agreement between the Government of the Democratic Republic of Timor-Leste and the Government of New Zealand Relating to Air Services* ("the Agreement")
- 3 **note** that the Agreement provides for:
 - no restriction on the number of flights that may operate, the routes that can be operated and the traffic that can be carried
 - the right to operate domestic services in each other's territory
 - flexible airline ownership provisions
 - flexible tariff filing provisions
 - code-sharing, including with airlines of third countries
 - comprehensive aviation safety and aviation security provisions
- 4 **note** that the Minister of Foreign Affairs is to confirm that the Agreement is not a major bilateral treaty of particular significance and, therefore, need not be subject to the Parliamentary treaty examination process
- 5 **approve** the text of the Agreement (attached), subject to any minor and/or technical changes arising from the process of legal verification and/or translation Yes / No
- 6 **agree** that New Zealand sign the Agreement Yes / No
- 7 **note** there is an option to sign the Agreement on 19 May 2022 during the visit to Timor-Leste by Hon Phil Twyford, Minister for Disarmament and Arms Control, and Minister of State for Trade and Export Growth
- 8 **note** that the Agreement will enter into force on the date of the last notification by which New Zealand and Timor-Leste communicate to each other their compliance with their respective internal procedures
- 9 **authorise** officials to notify Timor-Leste of the completion of New Zealand's procedures following the signing of the Agreement. Yes / No

Hon Michael Wood
Minister of Transport

..... / /

Hon Nanaia Mahuta
Minister of Foreign Affairs

..... / /

Minister's office to complete:

☐ Approved☐ Declined☐ Seen by Minister☐ Not seen by Minister☐ Overtaken by events

Comments

Minister's office to complete:

☐ Approved☐ Declined☐ Seen by Minister☐ Not seen by Minister☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Tom Forster Manager, Economic Regulation	s 9(2)(a)	✓
Ken Hopper Senior Licensing Adviser, Ministry of Transport	s 9(2)(a)	
Jennifer Troup Unit Manager, South and South East Asia Division, Ministry of Foreign Affairs	s 9(2)(a)	

NEW ZEALAND AND TIMOR-LESTE: SIGNING AN AIR SERVICES AGREEMENT

1. We propose that Ministers approve, and authorise for signature, the *Agreement between the Government of the Democratic Republic of Timor-Leste and the Government of New Zealand Relating to Air Services* ("the Agreement").

Relation to government priorities

2. Enhanced air services improve New Zealand's connectivity with the rest of the world. This relates to the Government's priority of "accelerating the recovery" from COVID-19 through global trade. Tourism and improved people-to-people links, including for education and business development purposes, will help to accelerate the recovery through the *Reconnecting New Zealanders* strategy.

Background

3. Under an international system dating back to the 1940s, airlines are able to operate international services only where the right to do so has been expressly permitted in a bilateral air services agreement or one of the limited number of multilateral agreements.
4. Among other things, air services agreements set out the routes airlines may operate, the amount of capacity they are entitled to provide and the degree of flexibility they have in the setting of tariffs (fares). Aviation safety and security articles are standard, as are provisions relating to "doing business" matters such as the establishment of local offices and the repatriation of earnings.
5. New Zealand's long-standing International Air Transport Policy promotes the negotiation of air services agreements that will increase New Zealand's global connectivity.
6. New Zealand has been considering the benefits of negotiating an air services agreement with Timor-Leste for a number of years, consistent with various foreign policy goals. These include assisting Timor-Leste expand its international connectivity options, and enhancing New Zealand's linkages in our immediate Asia-Pacific region. There are now few countries in the region with which New Zealand does not have an air services agreement - the Federated States of Micronesia, Palau and the Marshall Islands being among these.
7. Timor-Leste responded positively to New Zealand's proposal for an open skies agreement. The attached Agreement is among the most liberal that we have negotiated. In particular, it permits the airlines of both sides to operate domestic services in the other country where this is the continuation of an international service (a right that is rarely granted by any country). In practical terms, this would mean a New Zealand airline could, for example, link the capital Dili with the Timor-Leste exclave of Oecusse (which is separated, by Indonesian territory, from the rest of Timor-Leste).

The Agreement

8. The Agreement provides for:
 - 8.1. no restrictions on capacity
 - 8.2. route and traffic rights that permit the airlines of both sides a high degree of flexibility and opportunity
 - 8.3. flexible airline ownership provisions

- 8.4. flexible tariff filing provisions
- 8.5. code-sharing provisions, including with third-country carriers, with unrestricted capacity and route rights
- 8.6. standard aviation safety and aviation security provisions.
- 9. Timor-Leste has found it difficult to maintain aviation connectivity. Although we do not expect airlines to start operating under the Agreement, it does allow for New Zealand airlines to offer dedicated services, especially cargo-only, between Timor-Leste and third countries such as Australia. There are New Zealand operators that would be capable of providing such a service, which would promote competition and otherwise assist Timor-Leste's greater participation in international trade.

Parliamentary treaty examination and entry into force

- 10. The Minister of Foreign Affairs is to confirm that the Agreement with Timor-Leste need not be subject to the parliamentary treaty examination process because it is not a major bilateral treaty of particular significance, in accordance with Standing Order 405.
- 11. The Agreement will enter into force once each side has notified the other of the completion of its internal processes for entry into force of international treaties. For New Zealand, this will be once you have jointly approved the text and agreed to the signing of the Agreement.
- 12. The Agreement will be signed in both English and Portuguese, with the English text prevailing in the event of any conflict of interpretation.

Risks

- 13. Aviation safety and security are addressed through the inclusion in the ASA with Timor-Leste of internationally accepted standard provisions relating to those two areas. Any airline operating to/from New Zealand is required to meet stringent safety and security standards before being granted the appropriate operating certificate by the Director of Civil Aviation, in addition to the requirements applied in its home state (where relevant).
- 14. A 'whole of government' approach will be applied as required to manage any potential risks at the border from the increased flight and passenger arrivals that arise from the new air services opportunities. Border agencies (the New Zealand Customs Service, the Ministry of Business, Innovation and Employment, and the Ministry for Primary Industries) are concerned to ensure that airlines licensed to fly to New Zealand can and do meet New Zealand's legislative requirements for advance information provision (Passenger Name Record data and Advance Passenger Processing information), to enable effective risk assessment and management of passengers.
- 15. Ministry of Transport officials routinely ensure that information on new air services is shared as soon as possible with interested departments. Prospective new airlines are advised as soon as possible of the range of requirements that the New Zealand Government has for passenger processing. The Ministry of Transport also advises any new airlines to engage with the border agencies as soon as possible to ensure that airlines will be compliant with regulatory requirements before services commence.

Signing

16. Subject to ministerial approval, officials will explore opportunities to sign the Agreement. One option might be during the visit to Timor-Leste by Hon Phil Twyford, Minister for Disarmament and Arms Control, and Minister of State for Trade and Export Growth, planned for 19 May 2022.

Consultation

17. This briefing was prepared in consultation with the Ministry of Foreign Affairs and Trade, which agrees with the recommendations.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

Democratic Republic of Timor-Leste – New Zealand Air Services Agreement

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**AGREEMENT
BETWEEN
THE GOVERNMENT OF
THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE
AND
THE GOVERNMENT OF NEW ZEALAND
RELATING TO AIR SERVICES**

The Government of the Democratic Republic of Timor-Leste and the Government of New Zealand (hereinafter, the Parties);

Being Parties to the Convention on International Civil Aviation opened for signature at Chicago on December 7, 1944;

Desiring to promote an international aviation system based on competition among airlines in the marketplace and wishing to encourage airlines to develop and implement innovative and competitive services;

Recognising that efficient and competitive international air services enhance trade, the welfare of consumers, and economic growth;

Desiring to ensure the highest degree of safety and security in international air transport and reaffirming their grave concern about acts or threats against the security of aircraft, which jeopardise the safety of persons or property, adversely affect the operation of air transport, and undermine public confidence in the safety of civil aviation,

Have agreed as follows:

ARTICLE 1

Definitions

For the purposes of this Agreement, unless otherwise stated, the term:

- (a) “aeronautical authorities” means, in the case of Timor-Leste the Civil Aviation Authority of Timor-Leste and any person or agency authorised to perform any functions at present exercised by said authority, and, in the case of New Zealand, the Minister responsible for civil aviation, and any person or agency authorised to perform the functions exercised by the said Minister;
- (b) “agreed services” means services for the uplift and discharge of traffic as defined in Article 3 (Grant of Rights), paragraph 1(c) of this Agreement;
- (c) “Agreement” means this Agreement, its Annex, and any amendments thereto;
- (d) “air transportation” means the public carriage by aircraft of passengers, baggage, cargo, and mail, separately or in combination, for remuneration or hire;
- (e) “airline” means any air transport enterprise marketing or operating air transportation;
- (f) “capacity” is the amount(s) of services provided under the Agreement, usually measured in the number of flights (frequencies), or seats or tonnes of cargo offered in a market (city pair, or country-to-country) or on a route during a specific period, such as daily, weekly, seasonally or annually;
- (g) “Convention” means the Convention on International Civil Aviation, opened for signature at Chicago on 7 December 1944, and includes:
 - (i) any Annex or any amendment thereto adopted under Article 90 of the Convention, insofar as such Annex or amendment is at any given time in force for both Parties; and
 - (ii) any amendment which has entered into force under Article 94(a) of the Convention and has been ratified by both Parties;
- (h) “designated airline” means an airline or airlines designated and authorised in accordance with Article 2 (Designation, Authorisation and Revocation) of this Agreement;
- (i) “ground-handling” includes, but is not limited to, passenger, cargo and baggage handling, and the provision of catering facilities and/or services;
- (j) “ICAO” means the International Civil Aviation Organization;

- (k) "intermodal air transportation" means the public carriage by aircraft and by one or more surface modes of transport of passengers, baggage, cargo and mail, separately or in combination, for remuneration or hire;
- (l) "international air transportation" means air transportation which passes through the air space over the territory of more than one State;
- (m) "marketing airline" means an airline that offers air transportation on an aircraft operated by another airline;
- (n) "operating airline" means an airline that holds the operational control of an aircraft in order to provide air transportation;
- (o) "slots" means the right to schedule an aircraft movement at an airport;
- (p) "stop for non-traffic purposes" has the meaning assigned to it in Article 96 of the Convention;
- (q) "tariffs" means any price, fare, rate or charge for the carriage of passengers, baggage and/or cargo (excluding mail) in international air transportation, including transportation on an intra or interline basis and any other form of transportation sold in connection with the air component, charged by airlines, including their agents, and the conditions governing the availability of such price, fare, rate or charge;
- (r) "territory" has the meaning assigned to it in Article 2 of the Convention, and in accordance with international law, provided that, in the case of New Zealand, the term "territory" shall exclude Tokelau.

ARTICLE 2

Designation, Authorisation and Revocation

1. Each Party shall have the right to designate as many airlines as it wishes to conduct international air transportation in accordance with this Agreement, and to withdraw or alter such designations. Such designations shall be transmitted to the other Party in writing through diplomatic channels. Designation shall not be required for airlines exercising only the rights provided for in Article 3 (Grant of Rights), paragraphs 1(a) and 1(b), of this Agreement.

2. On receipt of such a designation, and of applications from a designated airline, in the form and manner prescribed for operating authorisations and technical permissions relating to the operation and navigation of the aircraft the other Party shall, consistent with its laws, regulations and rules, grant the appropriate authorisations and permissions with minimal procedural delay, provided that:

- (a) the airline is incorporated and has its principal place of business in the territory of the Party designating the airline;
- (b) effective regulatory control of the airline is vested in the Party designating the airline;
- (c) the airline is qualified to meet the conditions prescribed under the laws, regulations and rules normally and reasonably applied to the operation of international air transportation by the Party considering the application or applications, in conformity with the provisions of the Convention;
- (d) the airline holds the necessary operating permits; and
- (e) the Party designating the airline is maintaining and administering the standards set forth in Article 6 (Safety) and Article 7 (Aviation Security) of this Agreement.

3. When an airline has been so designated and authorised it may commence international air transportation, provided that the airline complies with the applicable provisions of this Agreement.

4. Either Party may withhold, revoke, suspend or limit the operating authorisations or technical permissions of an airline designated by the other Party, at any time, if the conditions specified in paragraph 2 of this Article are not met, if the airline otherwise fails to operate in accordance with the conditions prescribed under this Agreement, or if it has been determined by a Party that conditions in the territory of the other Party are not consistent with a fair and competitive environment and are resulting in a significant disadvantage or harm to its airline or airlines.

5. Unless immediate action is essential to prevent further non-compliance with paragraphs 2(c) to 2(e) of this Article, the rights established by paragraph 4 of this Article shall be exercised only after consultation with the other Party.

6. This Article does not limit the rights of either Party to withhold, revoke, limit or impose conditions on the operating authorisation or technical permission of an airline or airlines of the other Party in accordance with the provisions of Article 6 (Safety) or Article 7 (Aviation Security) of this Agreement.

ARTICLE 3

Grant of Rights

1. Each Party grants to the other Party the following rights for the conduct of international air transportation by the airlines of the other Party:

- (a) the right to fly across its territory without landing;
- (b) the right to make stops in its territory for non-traffic purposes;

(c) the rights for designated airlines to operate services on the route specified in the Annex to this Agreement and to make stops in its territory for the purpose of taking on board and discharging passengers, cargo and mail, hereinafter called the "agreed services"; and

(d) the rights otherwise specified in this Agreement.

2. Paragraph 1(c) of this Article, together with the respective Routes 1 in Section 1 of the Annex to this Agreement, shall be interpreted as conferring on the designated airlines of each Party the right to take on board in the territory of the other Party passengers, their baggage, cargo or mail carried for remuneration or hire and destined for a point in the territory of the other Party.

3. The provisions of this Agreement as set out in Article 4 (Application of Laws, Regulations and Rules), Article 5 (Recognition of Certificates), Article 6 (Safety), Article 7 (Aviation Security), Article 8 (User Charges), Article 9 (Statistics), Article 10 (Customs Duties and Other Charges), Article 11 (Tariffs), paragraphs 2, 3, 4 and 7 of Article 13 (Commercial Opportunities), and Article 15 (Consultations), apply to non-scheduled international air transport as well as charters performed by the airlines of one Party into or from the territory of the other Party. These rights shall also extend to airlines that have not been designated. When granting such requested authorisations and permissions to an air carrier, on receipt of an application to operate charters and other non-scheduled flights, the Parties shall act with minimum procedural delay.

4. The provisions of paragraph 3 of this Article shall not affect any applicable national laws, regulations and rules governing the authorisation of charters or non-scheduled flights or the conduct of airlines or other parties involved in the organisation of such operations.

ARTICLE 4

Application of Laws, Regulations and Rules

1. While entering, within, or leaving the territory of one Party, its laws, regulations and rules relating to the operation and navigation of aircraft shall be complied with by the other Party's airlines.

2. While entering, within, or leaving the territory of one Party, its laws, regulations and rules relating to the admission to or departure from its territory of passengers, crew, cargo and aircraft (including regulations and rules relating to entry, clearance, aviation security, immigration, passports, advance passenger information, customs and sanitary control or, in the case of mail, postal regulations) shall apply to such passengers and crew and in relation to such cargo of the other Party's airlines.

3. Neither Party shall give preference to its own or any other airline over an airline of the other Party engaged in similar international air transportation in the application of its entry, clearance, aviation security, immigration, passports, advance passenger information, customs and sanitary control, postal and similar regulations.

4. Passengers, baggage and cargo in direct transit through the territory of either Party and not leaving the area of the airport reserved for such purpose may be subject to examination in respect of aviation security, narcotics control, biosecurity, public health, carriage of prohibited items and immigration requirements, or in other special cases where such examination is required having regard to the laws and regulations of the relevant Party and to the particular circumstances. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.

5. The competition laws of each Party, as amended from time to time, shall apply to the operation of the airlines within the jurisdiction of the respective Party.

ARTICLE 5

Recognition of Certificates and Licences

1. Certificates of airworthiness, certificates of competency and licences issued or rendered valid in accordance with the rules and procedures of one Party, and still in force, shall be recognised as valid by the other Party for the purpose of operating the agreed services, provided that the requirements under which such certificates and licences were issued, or rendered valid, are equal to or above the minimum standards established pursuant to the Convention.

2. If the privileges or conditions of the licences or certificates referred to in paragraph 1 of this Article, issued by the aeronautical authorities of one Party to any person or designated airline or in respect of an aircraft used in the operation of the agreed services, should permit a difference from the minimum standards established under the Convention, and which difference has been filed with ICAO, the other Party may request consultations between the aeronautical authorities with a view to clarifying the practice in question.

3. Each Party reserves the right, however, to refuse to recognise for the purpose of flights above or landing within its own territory, certificates of competency and licences granted to its own nationals or in relation to its registered aircraft by the other Party.

ARTICLE 6

Safety

1. Each Party may request consultations at any time concerning the safety standards in any area relating to aeronautical facilities, flight crew, aircraft or their operation. Such consultations shall take place within thirty (30) days of that request.

2. If, following such consultations, one Party finds that the other Party does not effectively maintain and administer safety standards in any such area that are at least equal to the minimum standards established at that time pursuant to the Convention, the first Party shall notify the other Party of those findings and the steps considered necessary to conform with those minimum standards and that other Party shall then take appropriate corrective action. Failure by the other Party to take appropriate action within fifteen (15) days, or such longer period as may be agreed, shall be grounds for the application of Article 2 (Designation, Authorisation and Revocation) of this Agreement.

3. Paragraphs 4 to 7 of this Article supplement paragraphs 1 and 2 of this Article and the obligations of the Parties under Article 33 of the Convention.

4. Pursuant to Article 16 of the Convention, it is further agreed that any aircraft operated by, or under a lease arrangement on behalf of, an airline or airlines of one Party, on services to or from the territory of the other Party may, while within the territory of the other Party, be made the subject of a search by the authorised representatives of the other Party, on board and around the aircraft. The purpose of the examination is to check both the validity of the aircraft documents and those of its crew and the apparent condition of the aircraft and its equipment (in this Article called "ramp inspection"), provided this does not lead to unreasonable delay.

5. If any such ramp inspection or series of ramp inspections gives rise to:

- a) serious concerns that an aircraft or the operation of an aircraft does not comply with the minimum standards established at that time pursuant to the Convention; or
- b) serious concerns that there is a lack of effective maintenance and administration of safety standards established at that time pursuant to the Convention,

the Party carrying out the inspection shall, for the purposes of Article 33 of the Convention, be free to conclude that the requirements under which the certificate or licences in respect of that aircraft or in respect of the crew of that aircraft had been issued or rendered valid, or that the requirements under which that aircraft is operated, are not equal to or above the minimum standards established pursuant to the Convention.

6. In the event that access for the purpose of undertaking a ramp inspection of an aircraft operated by or on behalf of the airline or airlines of one Party in accordance with paragraph 4 of this Article is denied by the representative of that airline or airlines, the other Party shall be free to infer that serious concerns of the type referred to in paragraph 5 of this Article arise and draw the conclusions referred to in that paragraph.

7. Each Party reserves the right to immediately suspend or vary the operating authorisation of an airline or airlines of the other Party in the event the first Party concludes, whether as a result of a ramp inspection, a series of ramp inspections, a denial of access for ramp inspection, consultation or otherwise, that immediate action is essential to the safety of an airline operation.

8. Any action by one Party in accordance with paragraphs 2 or 7 of this Article shall be discontinued once the basis for the taking of that action ceases to exist.

ARTICLE 7

Aviation Security

1. Consistent with their rights and obligations under international law, the Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Parties shall in particular act in conformity with the provisions of the *Convention on Offences and Certain Other Acts Committed on Board Aircraft*, signed at Tokyo on 14 September 1963, the *Convention for the Suppression of Unlawful Seizure of Aircraft*, signed at The Hague on 16 December 1970 and the *Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation*, signed at Montreal on 23 September 1971, its *Supplementary Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation*, signed at Montreal on 24 February 1988, and the *Convention on the Marking of Plastic Explosives for the Purpose of Detection*, signed at Montreal on 1 March, 1991, as well as with any other convention and protocol relating to the security of civil aviation which both Parties adhere to.

2. The Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, their passengers and crew, airports and air navigation facilities, and any other threat to the security of civil aviation.

3. The Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by ICAO and designated as Annexes to the Convention. The Parties shall require that operators of aircraft of their registry or operators of aircraft who have their principal place of business or permanent residence in their territory and the operators of airports in their territory act in conformity with such aviation security provisions. Each Party shall advise the other Party of any difference between its national regulations and practices and the aviation security standards of the Annexes. Either Party may request consultations with the other Party at any time to discuss any such differences.

4. Operators of aircraft under this Agreement may be required to observe the aviation security provisions referred to in paragraph 3 of this Article required by the other Party for entry into, departure from, or while within the territory of that other Party. Each Party shall ensure that adequate measures are effectively applied within its territory to protect the aircraft and to inspect passengers, crew, carry-on items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Party shall also consider any request from the other Party for reasonable special security measures to meet a particular threat.

5. When an incident or threat of an incident of unlawful seizure of civil aircraft or other unlawful acts against the safety of such aircraft, their passengers and crew, airports or air navigation facilities occurs, the Parties shall assist each other by facilitating communications and other appropriate measures intended to terminate rapidly and safely such incident or threat thereof.

6. Each Party shall take such measures as it may find practicable to ensure that an aircraft of the other Party which is subjected to an act of unlawful seizure or other acts of unlawful interference and which lands in its territory is detained on the ground unless its departure is necessitated by the overriding duty to protect human life. Wherever practicable, such measures shall be taken on the basis of mutual consultations.

7. Each Party shall have the right, within sixty (60) days following giving notice (or such shorter period as may be agreed between the aeronautical authorities), for its aeronautical authorities to conduct an assessment in the territory of the other Party of the security measures being carried out, or planned to be carried out, by aircraft operators in respect of flights arriving from, or departing to the territory of the first Party. The administrative arrangements for the conduct of such assessments shall be mutually determined by the aeronautical authorities and implemented without delay so as to ensure that assessments will be conducted expeditiously.

8. When a Party has reasonable grounds to believe that the other Party has departed from the provisions of this Article, the first Party may request immediate consultations. Such consultations shall start within fifteen (15) days of receipt of such a request from either Party. Failure to reach a satisfactory agreement within fifteen (15) days from the start of consultations, or such other period as may be agreed upon between the Parties, shall constitute grounds for withholding, revoking, suspending or imposing conditions on the authorisations of the airline or airlines designated by the other Party. When justified by an emergency, or to prevent further non-compliance with the provisions of this Article, the first Party may take interim action at any time. Any action taken in accordance with this paragraph shall be discontinued upon compliance by the other Party with the security provisions of this Article.

ARTICLE 8

User Charges

1. Each Party shall ensure that user charges that may be imposed by its competent charging authorities or bodies on the airlines of the other Party for the use of navigation, air traffic control services, aviation security and related facilities and services shall be just, reasonable, cost-related and non-discriminatory. In any event, any such user charges shall be assessed on the airlines of the other Party on terms not less favourable than the most favourable terms available to any other airline.

2. The charges for the services referred to in paragraph 1 of this Article should be just, reasonable, not unjustly discriminatory, and equitably apportioned among categories of users. These charges may reflect, but shall not exceed, the full cost to the competent charging authorities or bodies of providing the appropriate airport and aviation security facilities and services at that airport. These charges may include a reasonable return on assets, after depreciation.

3. For charges to be non-discriminatory, they should be levied on foreign airlines at a rate no higher than the rate imposed on a Party's own airlines operating similar international services.

4. The Parties shall encourage the exchange of such information between the competent charging authorities and the airlines using the services and facilities as may be necessary to permit a full assessment of the reasonableness of, justification for, and apportionment of the charges in accordance with paragraphs 1 and 2 of this Article.

5. Reasonable notice of any proposals for changes in user charges should be given by each Party to users in its territory and the airlines using the services and facilities to enable them to express their views before changes are made.

ARTICLE 9

Statistics

The aeronautical authorities of one Party may require a designated airline of the other Party to provide statements of statistics related to the traffic carried by that airline on services performed under this Agreement. The aeronautical authorities of each Party may determine the nature of the statistics required to be provided by the designated airlines and shall apply these requirements on a non-discriminatory basis.

ARTICLE 10
Customs Duties and Other Charges

1. Aircraft operated in international air transportation by the airlines of each Party shall be exempt from all import restrictions, customs duties, excise taxes, and similar fees and charges imposed by national authorities. Component parts, normal aircraft equipment and other items intended for or used solely in connection with the operation or for the repair, maintenance and servicing of such aircraft shall be similarly exempt, provided such equipment and items are for use on board an aircraft and are re-exported.

2. (a) Provided in each case that they are for use on board an aircraft in connection with the establishment or maintenance of international air transportation by the airline concerned, the following items shall, on the basis of reciprocity and to the fullest extent possible under the national law of each Party, be exempt from all import restrictions, customs duties, excise taxes, and similar fees and charges imposed by national authorities, whether they are introduced by an airline of one Party into the territory of the other Party or supplied to an airline of one Party in the territory of the other Party:

(i) aircraft stores (including but not limited to such items as food, beverages and products destined for sale to, or use by, passengers during flight);

(ii) fuel, lubricants (including hydraulic fluids) and consumable technical supplies; and

(iii) spare parts including engines.

(b) These exemptions shall apply even when these items are to be used on any part of a journey performed over the territory of the other Party in which they have been taken on board.

3. The exemptions provided by this Article shall not extend to charges based on the cost of services provided to the airlines of a Party in the territory of the other Party.

4. The normal aircraft equipment, as well as spare parts (including engines), supplies of fuel, lubricating oils (including hydraulic fluids) and lubricants and other items mentioned in paragraphs 1 and 2 of this Article retained on board the aircraft operated by the airlines of one Party may be unloaded in the territory of the other Party only with the approval of the customs authorities of that territory. Aircraft stores intended for use on the airlines' services may, in any case, be unloaded. Equipment and supplies referred to in paragraphs 1 and 2 of this Article may be required to be kept under the supervision or control of the appropriate authorities until they are re-exported or otherwise disposed of in accordance with the customs laws and procedures of that Party.

5. The exemptions provided for by this Article shall also be available in situations where the airline or airlines of one Party have entered into arrangements with another airline or airlines for the loan or transfer in the territory of the other Party of the items specified in paragraphs 1 and 2 of this Article, provided such other airline or airlines similarly enjoy such relief from the other Party.

ARTICLE 11

Tariffs

1. Each Party shall allow each airline to freely determine its own tariffs for the transportation of traffic on the basis of free and fair competition.

2. The Parties may require such tariffs to be filed with their aeronautical authorities.

3. The Parties acknowledge that market forces shall be the primary consideration in the establishment of tariffs for air transportation. Without limiting the application of general competition and consumer law, existing or approved in the future, in each Party, consultations may be initiated by either Party in accordance with Article 15 (Consultations) of this Agreement for the:

- (a) prevention of unreasonably discriminatory tariffs or practices;
- (b) protection of consumers from tariffs that are unreasonably high or restrictive due to the abuse of a dominant position or due to concerted practices among air carriers;
- (c) protection of airlines from prices that are artificially low due to direct or indirect government subsidy or support; and
- (d) protection of airlines from tariffs that are artificially low, where evidence exists as to an intent of eliminating competition.

ARTICLE 12

Capacity

1. The designated airlines of each Party shall enjoy fair and equal opportunity to operate the agreed services in accordance with this Agreement.

2. Each Party shall allow each designated airline to determine the frequency and capacity of the international air transport it offers based upon commercial considerations in the marketplace. Consistent with this right, neither Party shall unilaterally limit the volume of traffic, frequency or regularity of service, or the aircraft type or types operated by the designated airline of the other Party, except as may be required for customs, technical, operational, or environmental reasons under uniform conditions consistent with Article 15 of the Convention.

3. Neither Party shall impose on the other Party's designated airline a first-refusal requirement, uplift ratio, no-objection fee, or any other requirement with respect to capacity, frequency or traffic that would be inconsistent with the purposes of this Agreement.

ARTICLE 13

Commercial Opportunities

1. The airlines of each Party shall have the following rights in the territory of the other Party:

- (a) the right to establish offices, including offline offices, for the promotion, sale and management of air transportation;
- (b) the right to engage in the sale and marketing of air transportation to any person directly and, at its discretion, through its agents or intermediaries, using its own transportation documents; and
- (c) the right to use the services and personnel of any organisation, company or airline operating in the territory of the other Party.

2. In accordance with the laws and regulations relating to entry, residence and employment of the other Party, the airlines of each Party shall be entitled to bring in and maintain in the territory of the other Party those of their own managerial, sales, technical, operational and other specialist staff which the airline reasonably considers necessary for the provision of air transportation. Consistent with such laws and regulations, each Party shall, with the minimum of delay, grant the necessary employment authorisations, visas or other similar documents to the representatives and staff referred to in this paragraph.

3. The airlines of each Party shall have the right to sell air transportation, and any person shall be free to purchase such transportation, in local or freely convertible currencies. Each airline shall have the right to convert their funds into any freely convertible currency and to transfer them from the territory of the other Party. Subject to the national laws, regulations and policy of the other Party, conversion and transfer of funds obtained in the ordinary course of their operations shall be permitted at the foreign exchange market rates for payments prevailing at the time of submission of the requests for conversion or transfer and shall not be subject to any charges except normal service charges levied for such transactions.

4. The transfer of funds and the conversion of foreign currency shall be subject to the tax legislation of each Party. If there is an agreement between the Parties to avoid double taxation, the provisions of that agreement shall prevail.

5. The airlines of each Party shall have the right at their discretion to pay for local expenses, including purchases of fuel, in the territory of the other Party in local currency or, provided this accords with local currency regulations, in freely convertible currencies.

6. (a) In operating or holding out international air transportation the airlines of each Party shall have the right, over all or any part of their route in the Annex to this Agreement, to enter into code share, blocked space or other cooperative marketing arrangements, as the marketing and/or operating airline, with any other airline, including airlines of the same Party and of third Parties. Subject to paragraph 6(d) of this Article, the airlines participating in such arrangements must hold the appropriate authority or authorities to conduct international air transportation on the routes or segments concerned.
- (b) Unless otherwise mutually determined by the aeronautical authorities of the Parties, the volume of capacity or service frequencies which may be held out and sold by the airlines of each Party, when code sharing as the marketing airline, shall not be subject to limitations under this Agreement.
- (c) Unless otherwise mutually determined by the aeronautical authorities of the Parties the airlines of each Party, when code sharing as the marketing airline, may exercise unrestricted traffic rights.
- (d) The aeronautical authority of one Party shall not withhold permission for an airline of the other Party to code-share on an aircraft operated by an airline of a third party on the basis that there is no express code-share provision between the first Party and the third party that has designated the operating airline. Likewise, the aeronautical authority of one Party shall not withhold permission for an airline of the other Party to operate a flight on which a third party airline is the marketing carrier on the basis that there is no express code-share provision between the first Party and the third party.
- (e) The airlines of each Party may market code share services on domestic flights operated within the territory of the other Party.
- (f) The airlines of each Party shall, when holding out international air transportation for sale, make it clear to the purchaser at the point of sale which airline will be the operating airline on each sector of the journey and with which airline or airlines the purchaser is entering into a contractual relationship.

7. The airlines of each Party shall have the right to perform their own ground-handling in the territory of the other Party, or contract with a competing agent of their choice, for such services in whole or in part. These rights shall be subject only to restrictions resulting from considerations of airport safety or security. Where such considerations preclude an airline from performing its own ground-handling or contracting with an agent of its choice for ground-handling services, these services shall be made available to that airline on a basis of equality with all other airlines.

8. The airlines of each Party shall be permitted to conduct international air transportation using aircraft (or aircraft and crew) leased from any company, including other airlines, provided only that the operating aircraft and crew meet the applicable operating and safety standards and requirements. For the purposes of this paragraph, where the operator of the leased aircraft is from a third party, that operator shall not be required to have underlying route authority.

9. Each Party shall ensure that airports, airways, air traffic control and air navigation services, aviation security, ground handling, and other related facilities and services serving international aviation provided in the territory of each Party shall be available for use on a non-discriminatory basis to the airlines of the other Party at the time arrangements for use are made.

ARTICLE 14

Intermodal Services

The designated airlines of each Party shall be permitted to employ, in connection with international air transport any surface transport to or from any points in the territories of the Parties or third countries, including transport to and from all airports with customs facilities, and including, where applicable, the right to transport cargo in bond under applicable laws and regulations. Access to airport customs processing and facilities shall be provided for such cargo, whether moving by surface or by air. Airlines may elect to perform their own surface transport or to provide it through arrangements, including code share, with other surface, land or maritime, carriers. Such intermodal services may be offered as a through service and at a single price for the air and surface transport combined, provided that passengers and shippers are informed as to the providers of the transport involved.

ARTICLE 15

Consultations

1. Either Party may at any time request consultations on the implementation, interpretation, application or amendment of this Agreement.

2. Subject to Articles 2 (Designation, Authorisation and Revocation), 6 (Safety) and 7 (Aviation Security) of this Agreement, such consultations, which may be through discussion or correspondence, shall begin within a period of sixty (60) days of the date of receipt of such a request, unless otherwise mutually decided.

ARTICLE 16

Amendment of Agreement

1. This Agreement may be amended by agreement in writing between the Parties.
2. Any such amendment shall enter into force when the Parties have notified each other in writing that their respective requirements for the entry into force of an amendment have been met.
3. If a multilateral convention concerning air transportation comes into force in respect of both Parties, this Agreement shall be deemed to be amended so far as is necessary to conform to the provisions of that convention.

ARTICLE 17

Settlement of Disputes

1. Any dispute between the Parties concerning the interpretation or application of this Agreement, with the exception of any dispute concerning tariffs or the application of national competition laws, which cannot be settled by consultations or negotiations, shall, at the request of either Party, be submitted to an arbitral tribunal.
2. Within a period of thirty (30) days from the date of receipt by either Party from the other Party of a note through the diplomatic channel requesting arbitration of the dispute by a tribunal, each Party shall nominate an arbitrator. Within a period of thirty (30) days from the appointment of the arbitrator last appointed, the two arbitrators shall appoint a president who shall be a national of a third State. If within thirty (30) days after one of the Parties has nominated its arbitrator, the other Party has not nominated its own or, if within thirty (30) days following the nomination of the second arbitrator, both arbitrators have not agreed on the appointment of the president, either Party may request the President of the Council of ICAO to appoint an arbitrator or arbitrators as the case requires. If the President of the Council is of the same nationality as one of the Parties, the most senior Vice President who is not disqualified on that ground shall make the appointment.
3. Except as otherwise determined by the Parties or prescribed by the tribunal, each Party shall submit a memorandum within thirty (30) days after the tribunal is fully constituted. Replies shall be due within thirty (30) days. The tribunal shall hold a hearing at the request of either Party, or at its discretion, within thirty (30) days after replies are due.

4. The tribunal shall attempt to give a written award within thirty (30) days after completion of the hearing, or, if no hearing is held, after the date both replies are submitted. The award shall be taken by a majority vote.

5. The Parties may submit requests for clarification of the award within fifteen (15) days after it is received, and such clarification shall be issued within fifteen (15) days of such request.

6. The award of the arbitral tribunal shall be final and binding upon the Parties to the dispute.

7. The expenses of arbitration under this Article shall be shared equally between the Parties.

8. If and for so long as either Party fails to comply with an award under paragraph 6 of this Article, the other Party may limit, suspend or revoke any rights or privileges which it has granted by virtue of this Agreement to the Party in default.

ARTICLE 18

Duration and Termination

1. This agreement shall remain in force for an indefinite period.

2. Either Party may at any time give notice in writing to the other Party of its decision to terminate this Agreement. Such notice shall be communicated simultaneously to ICAO. The Agreement shall terminate at midnight (at the place of receipt of the notice to the other Party) immediately before the first yearly anniversary of the date of receipt of notice by the Party, unless the notice is withdrawn by mutual decision of the Parties before the end of this period.

3. In default of acknowledgement of receipt of a notice of termination by the other Party, the notice shall be deemed to have been received fourteen (14) days after the date on which ICAO acknowledged receipt thereof.

ARTICLE 19

Registration with ICAO

This Agreement and any amendment thereto shall be registered with ICAO by New Zealand.

ARTICLE 20
Entry into Force and Provisional Application

1. This Agreement shall enter into force when the Parties have notified each other through diplomatic channels in writing that their respective requirements for the entry into force of this Agreement have been satisfied.

2. This Agreement and its Annex shall be applied on a provisional basis from the date of its signature.

IN WITNESS WHEREOF, the undersigned, being duly authorised thereto by their respective governments, have signed this Agreement on air services.

DONE at [place], this [day] day of [month], [year], in the Portuguese and English languages. In the event of any conflict between the English language version and the Portuguese language version, the English language version of this Agreement will prevail.

For the Government of the
Democratic Republic of Timor-Leste

For the Government of New Zealand

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ANNEX
Section 1
ROUTE SCHEDULE

The designated airlines of each Party shall be entitled to perform international air transportation between points on the following routes:

Route for the designated airlines of the Democratic Republic of Timor-Leste:

1.

<u>Points Behind</u>	<u>Points in Democratic Republic of Timor-Leste</u>	<u>Intermediate Points</u>	<u>Points in New Zealand</u>	<u>Beyond Points</u>
Any	Any	Any	Any	Any

2. Between New Zealand and any points.

Route for the designated airlines of New Zealand:

1.

<u>Points Behind</u>	<u>Points in New Zealand</u>	<u>Intermediate Points</u>	<u>Points in Democratic Republic of Timor-Leste</u>	<u>Beyond Points</u>
Any	Any	Any	Any	Any

2. Between Timor-Leste and any points.

Notes:

The designated airlines of each Party may, at their option, omit the behind, intermediate and beyond points on their respective Route 1 above.

Section 2

OPERATIONAL FLEXIBILITY

Subject to Section 1 of this Annex, the designated airlines of each Party may, on any or all services and at the option of each airline:

- (a) perform services in either or both directions;
- (b) combine different flight numbers within one aircraft operation;
- (c) transfer traffic from any aircraft to any other aircraft at any point on the route;
- (e) serve behind, intermediate, and beyond points and points in the territories of the Parties on the routes in any combination and in any order;
- (f) omit stops at any point or points;
- (g) serve points behind any point in its territory with or without change of aircraft or flight number and hold out and advertise such services to the public as through services,

without directional or geographic limitation and without loss of any right to carry traffic otherwise permissible under this Agreement.

Section 3

CHANGE OF GAUGE

On any sector or sectors of the routes in Section 1 of this Annex, any airline shall be entitled to perform international air transportation, including under code sharing arrangements with other airlines, without any limitation as to change at any point or points on the route, in the type, size or number of aircraft operated.

25 May 2022

OC220410

Hon Michael Wood
Minister of Transport

Action required by:
Monday, 30 May 2022

AIR NAVIGATION SYSTEM REVIEW PANEL- LETTERS OF APPOINTMENT

Purpose

This briefing invites you to sign letters of appointment for members of the Air Navigation System Review Panel (the panel).

The timeframe requested will allow the panel to be formally established and to meet in early June.

Key points

- On 18 May 2022, Cabinet's Appointments and Honours Committee (APH) noted your intention to appoint Debbie Francis (Chair), Howard Fancy, Ed Sims, and Danny Tuato'o to the panel.
- Attached are letters of appointment for the panel Chair and members, setting out the expectations and obligations for the roles and inviting them to confirm their acceptance.

Recommendations

We recommend you:

- | | | |
|---|---|----------|
| 1 | Sign the attached letters of appointment | Yes / No |
|---|---|----------|



Tom Forster
Manager, Economic Regulation

25 / 05 / 2022

Hon Michael Wood
Minister of Transport

..... / /

IN CONFIDENCE

Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Tom Forster, Manager, Economic Regulation	s 9(2)(a)	✓
Brigid Borlase, Head of Secretariat, Air Navigation Services Review	s 9(2)(a)	

REVIEW OF NEW ZEALAND'S AIR NAVIGATION SYSTEM

Terms of reference

Purpose

New Zealand does not have a current high level statement of the principles and national level objectives for the air navigation system. Without that foundation, it is difficult to determine if the systems meet our current and future needs.

The purpose of the review is to take a high-level, first principles approach to establishing agreed objectives for the air navigation system, assess the current policy and regulatory, institutional and funding settings against those objectives, and recommend options for strengthening the system now and thirty to fifty years to the future.

Background

The air navigation system exists to enable aircraft operations. The system works as an integrated whole, providing the information and infrastructure for aircraft from the start to the end of a flight.

The air navigation system is a key part of New Zealand's transport infrastructure. The system contributes to New Zealand's economic growth and prosperity, social connectivity, resilience, and our role as a participant in regional and global fora. As a remote island nation, we rely almost exclusively on air transport to connect our people to the world.

We have international obligations and opportunities. We are a member state of the International Civil Aviation Organization. New Zealand is responsible for the world's largest search and rescue region which stretches from the Pacific Islands to the Antarctic and provides aviation safety and security support to our Pacific neighbours. This country is also home to innovators in aviation and space activities, with significant potential for growth. We export our aviation knowledge and expertise around the world.

Context for the review

The most recent national policy statement on aviation is the *National Airspace Policy of New Zealand*, published in 2012.

In the intervening decade the demands on and expectations of the air navigation system have continued to change, presenting challenges and opportunities, such as:

- new technologies: airframe materials, autonomous and remotely piloted aircraft, artificial intelligence, digitalisation, alternative fuels, and new propulsion systems
- drives for the decarbonisation of aviation
- demands for different design and use of airspace, including low altitude and urban airspace, and providing for aircraft and launch vehicles transiting to and from space

- emergence of new business models and alternative providers for some components of the air navigation system
- emerging threats and risks around cyber security and security of physical infrastructure
- ongoing globalisation of system components
- new international standards and regulations
- movement to performance-based regulation and other regulatory responses to rapidly changing technology.

Stakeholders have raised questions about the current settings for the air navigation system including:

- clarifying and addressing the expectations on the system from aviation participants, and a range of other sectors such as civil defence and emergency management, health, economic development, and defence
- the effectiveness of the user pays model for funding air navigation services and system components
- identification of and funding for air navigation services and system components provided as a public good
- the characteristics and performance of the market for the air navigation services and system components
- the role of the aviation system in regional development, connectivity, and resilience
- the cost of air navigation services and system components
- planning for and the flexibility to enable timely investment in new air navigation system technologies
- the impacts of COVID-19, including reliance on passenger volume as the primary funding source for air navigation service provision.

Method of work

The review will be conducted in accordance with these terms of reference, and in a way that demonstrates:

- transparency
- independence and impartiality
- timely and open engagement
- consideration of the full range of stakeholders' views
- a systems-based approach
- partnership with iwi and Māori in good faith and in accordance with the principles of Te Tiriti o Waitangi (CO(19)5, Te Tiriti o Waitangi / Treaty of Waitangi guidance
- commitment to an enduring approach to continuous improvement of the air navigation system, taking a multi-generational view.

Assumptions

The review includes the following working assumptions:

- Safety is the primary objective.
- The current system is safe.
- The air navigation system is an essential part of New Zealand's national infrastructure.
- A safe, efficient, sustainable, innovative, and responsive air navigation system helps New Zealand flourish.
- New Zealand supports and participates in the global rules-based system governing civil aviation
- The system is resource limited and there will be competing demands and tensions
- The system is challenged by new and emerging technologies.

Scope

Description of the air navigation system and the scope of the review

For the purposes of this review, the air navigation system comprises the system components, the providers and users of the system components and air navigation services, and the authorising environment in which they operate.

Appendix 1 illustrates the system and its connections to and influence on the wider economy and society.

Air navigation system components and characteristics

The review will consider the air navigation system components: those elements that are essential for the aviation system to operate and to deliver on user and national expectations. The scope will include consideration of how the settings influence the provision and maintenance of the system components.

In the context of the review, characteristics refers to how the system should operate, for example it should be safe, efficient, secure, integrative, future-focussed, resilient, and responsive to emerging opportunities, threats, and risks.

Air navigation system providers, users, and authorising environment

The review will consider the roles, obligations, and needs of air navigation system providers, users and authorisers, and how the settings facilitate or inhibit their work.

Dependents and beneficiaries of the air navigation system

Several sectors and agencies depend on and/or benefit from the provision of the air navigation system, though they are not providers or direct users of the air navigation system components.

Matters for consideration

The review may consider the following:

- policy settings that influence the air navigation system
- roles, functions, obligations and duties of the agencies and organisations involved in the provision, use, regulation, and monitoring of the components of the air navigation system
- the relationships between those roles, functions, and duties
- the monitoring and evaluation of the performance of those roles and functions
- revenue, funding, and pricing mechanisms in the system
- mechanisms for identifying, providing, funding, and overseeing air navigation system components and services that are provided wholly or partly as a public good, within aviation and/or as part of other systems
- the impact that the air navigation system (and any recommended changes to the applicable settings) has on the wider ambitions for New Zealand society, economy, environment, resilience and security, and our global profile and participation
- the system and its objectives and outcomes in the context of Te Tiriti o Waitangi and a te ao Māori view
- the influence of the system on regional connectivity
- integration of new technologies into the air navigation system
- alignment with international standards and practices and interconnectivity between systems operated by different states
- the operation of the air navigation system in the New Zealand Flight Information Region and the Auckland Oceanic Flight Information Region¹, and the delivery of other regional aviation-related services such as meteorological information for aviation, and the Volcanic Ash Advisory Centre - Wellington.

The review will give due consideration to:

- international models of policy and regulatory, institutional, and funding settings for air navigation system planning, delivery, and assessment of system performance
- other work relevant to this review, including but not limited to the Civil Aviation Bill, the review of the Outer Space and High Altitude Activities Act 2017, the New Zealand Aerospace Strategy, Airways' pricing round, the Civil Aviation Authority funding review, New Southern Sky, and relevant government initiatives such as the Emissions Reduction Plan and the biofuels mandate.
- the impact of COVID-19 on the aviation sector.

Matters out of scope

The following are generally out of scope of the review:

¹ The New Zealand Flight Information Region is our domestic airspace. The Oceanic Flight Information Region is airspace over the high seas that New Zealand manages under an International Civil Aviation Organization Regional Air Navigation Agreement.

- technical and operational matters, for example technical standards for air navigation system components; operational procedures and rules; or application of operational policies or methodologies in particular instances or locations²
- detailed examination of specific commercial agreements between parties, though the review may consider the influence the system settings have on how commercial agreements are generally developed and applied, and the results of those methods
- COVID-19 response and recovery support measures.

The review will not make recommendations that:

- directly create obligations on sectors that depend on or benefit from the air navigation system (see Appendix 1)
- relate directly to operational, tactical, or procedural matters or specific commercial arrangements regarding the operation of the air navigation system components, provision of services, or use of the system by aviation participants
- refer to amending or creating specific Civil Aviation Rules, notices, or guidance, though it may consider the regulatory system settings with respect to the agreed system objectives.

The review will, however, consider how its recommendations would impact on matters and sectors outside its scope.

Process and outputs

The review will focus on the policy and regulatory, institutional, and funding settings for the air navigation system and conduct its work in two phases.

Phase 1

In its first phase the review will:

- identify the base principles and objectives for the air navigation system
- identify the components and characteristics of an optimally performing air navigation system for New Zealand now, and 30-50 years into the future, considering:
 - national objectives
 - current providers and users of the air navigation system
 - future use cases
 - those sectors dependent or and/or benefiting from the operation of the system
 - international standards, guidance, and obligations.

Phase 1 output:

Recommendations to the Minister of Transport and Government on a set of principles and objectives, components and characteristics for the air navigation system now and 30 to 50 years into the future.

² The review may use case studies but will focus its recommendations on system-wide matters.

Phase 2

The second phase of work will focus on assessing the current system, including all parties and how they operate, against the principles and outcomes identified in Phase 1.

Phase 2 output:

Recommendations to the Minister of Transport and Government on options to strengthen the air navigation system's ability to meet the agreed principles and objectives.

The recommendations will focus on the policy and regulatory, institutional, and/or funding settings, and consider current and future needs.

Recommendations will consider possible impacts on aviation safety.

Given its high level nature, the review may make recommendations for further detailed examination of specific aspects or issues.

The methodology and the findings and recommendations from both phases will be subject to review by international experts in air navigation system policy, design, regulation, funding, and delivery.

Structure

The review will be conducted by a Ministerially appointed independent advisory panel.

Independent advisory panel membership

Debbie Francis (Chair)

Howard Fancy

Ed Sims

Danny Tauto'o

Term of appointment

The panel will be appointed for the duration of the review.

Secretariat

Secretariat services will be hosted by the Ministry of Transport. The Secretariat will provide research, analytical, project coordination, communications, and technical subject matter expert input as required.

Stakeholder engagement

The review will establish a reference group including (but not limited to) agencies with an interest in the air navigation system, and industry and sector stakeholders. Sub-groups may be established if required.

The Panel will seek stakeholder review of its findings and recommendations during the process of the review.

An engagement plan will ensure all relevant stakeholders are included and can present their views.

Timeframe

The review will begin in June 2022 and will be completed by May 2023.

Timeframes for the implementation of recommendations from the review will form part of the advice to the Minister of Transport and Government at the end of Phase 2.

Engagement

The Panel Chair will report to the Minister on a regular basis. The Panel will report to the Minister and the Government at the end of each phase.

The Minister of Transport may consult with colleagues responsible for portfolios that are involved in and/or potentially affected by the review.

The Panel will engage with stakeholders to inform its work.

The Panel will provide regular updates to stakeholders and their constituents through the reference group and direct communications.

A web page will provide information and updates on the review and provide a point of contact point for stakeholders.

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Appendix one: Air navigation system map



Hon Michael Wood

Minister of Transport
Minister for Workplace Relations and Safety



Howard Fancy

s 9(2)(a)

Dear Howard,

I am pleased to invite you to serve as a member of the Air Navigation System Review Panel (the Panel) for a term commencing on 1 June 2022 and ending on 28 April 2023. Please confirm your acceptance of this appointment by responding to the email with this letter as soon as possible.

The purpose of this appointment is to conduct a high level, first principles review of the air navigation system focused on the policy and regulatory, institutional and funding settings. The review will determine the principles and objectives that will deliver what New Zealand wants and needs from the system and recommend options to achieve those outcomes.

A copy of the Terms of Reference, which sets out the governing arrangements for the Panel is attached for your information.

The following are the requirements of your position as a member of the Panel.

Declarations

I note you have certified that you are not disqualified from serving in this role.

I note that you have declared a conflict of interest with your role as an external member of the Ministry of Transport Risk and Assurance Committee. I expect you will manage this conflict in accordance with the agreed management plan, and in ways consistent with relevant Ministry of Transport policies.

I expect you to follow the Ministry of Transport processes for declaring and managing conflicts of interest should any other perceived, potential, or actual conflicts arise during the course of the Review.

Remuneration

As a member of the Panel, you will receive a daily fee of \$560. The review role should take up to seven working days a month. Please keep the Secretariat informed of the number of days worked per month.

You are also entitled to be reimbursed for any actual and reasonable expenses incurred attending meetings or undertaking any other agreed work. The Panel secretariat will be able to assist you with claims and any taxation matters.

Responsibilities and obligations of all members

Panel members must perform their role in good faith, honestly and impartially, and retain stakeholder and public confidence in the Panel and its findings. Panel members are expected to actively contribute to the Review and the finalisation of its observations and recommendations.

I expect Panel members to bring their skills and experience to the Review as individuals, not representing or attending as appointees of any organisation.

Panel members will maintain confidentiality of any sensitive information. Communications and advice of the Panel will be subject to the Official Information Act 1982. Official Information Act requests will be managed by the Ministry of Transport.

The Secretariat will arrange for publication of the Panel's formal written advice at an appropriate time, on a dedicated page on the Ministry of Transport website.

I appreciate a no surprises approach. If a situation arises that could or will reflect negatively on yourself or the Panel, I expect you to raise it with me as soon as possible.

Secretariat contact

Your contact at the Ministry is Brigid Borlase, Head of Secretariat. Brigid's phone number is s 9(2)(a) and her email address is b.borlase@transport.govt.nz.

Resignation

Should you wish to resign from office prior to your end of term, you would need to provide written notice to me as the Minister of Transport. The resignation would be effective on my receipt of the notice, or at any later time specified in the notice.

As you are aware, being a member of the Panel means that you have the opportunity to make a significant contribution to the future direction of the air navigation system, and in turn, to the livelihoods and wellbeing of New Zealanders.

I look forward to working with you during your appointment.

Yours sincerely,

*Placeholder - Office to
replace with Min signature*

Hon Michael Wood
Minister of Transport

Hon Michael Wood

Minister of Transport
Minister for Workplace Relations and Safety



Debbie Francis

s 9(2)(a)

Dear Debbie,

I am pleased to invite you to serve as Chair of the Air Navigation System Review Panel (the Panel) for a term commencing on 1 June 2022 and ending on 28 April 2023. Please confirm your acceptance of this appointment by responding to the email with this letter as soon as possible.

The purpose of this appointment is to conduct a high level, first principles review of the air navigation system focused on the policy and regulatory, institutional and funding settings. The review will determine the principles and objectives that will deliver what New Zealand wants and needs from the system and recommend options to achieve those outcomes.

A copy of the Terms of Reference, which sets out the governing arrangements for the Panel is attached for your information.

The following are the requirements of your position as Chair of the Panel.

Declarations

I note you have certified that you are not disqualified from serving in this role and have declared you have no conflicts of interest.

I expect you to follow the Ministry of Transport processes for declaring and managing conflicts of interest should any arise.

Remuneration

As Chair of the Panel, you will receive a daily fee of \$885. The review role should take up to seven working days a month. Please keep the Secretariat informed of the number of days worked per month.

You are also entitled to be reimbursed for any actual and reasonable expenses incurred attending meetings or undertaking any other agreed work. The Panel secretariat will be able to assist you with claims and any taxation matters.

Responsibilities and obligations of the Chair

In carrying out your role, I expect you will lead the review in accordance with the approach established in the terms of reference.

The Chair is responsible for:

- setting the timing and agenda for, and chairing Panel meetings
- approving the advice provided by the Panel to me, and to the Government
- representing the views of the Panel to me, to Government, officials and departments, stakeholders, and other agencies as required
- commenting to media, having first secured my approval
- managing perceived, potential, or actual conflicts of interest of other Panel members, in accordance with Ministry of Transport policies

If you are not available to complete these responsibilities, you may delegate to a temporary Chair.

Responsibilities and obligations of all members

Panel members must perform their role in good faith, honestly and impartially, and retain stakeholder and public confidence in the Panel and its findings. Panel members are expected to actively contribute to the Review and the finalisation of its observations and recommendations.

I expect Panel members to bring their skills and experience to the Review as individuals, not representing or attending as appointees of any organisation.

Panel members will maintain confidentiality of any sensitive information. Communications and advice of the Panel will be subject to the Official Information Act 1982. Official Information Act requests will be managed by the Ministry of Transport.

The Secretariat will arrange for publication of the Panel's formal written advice at an appropriate time, on a dedicated page on the Ministry of Transport website.

I appreciate a no surprises approach. If a situation arises that could or will reflect negatively on yourself or the Panel, I expect you to raise it with me as soon as possible.

Secretariat contact

Your contact at the Ministry is Brigid Borlase, Head of Secretariat. Brigid's phone number is s 9(2)(a), and her email address is b.borlase@transport.govt.nz.

Resignation

Should you wish to resign from office prior to your end of term, you would need to provide written notice to me as the Minister of Transport. The resignation would be effective on my receipt of the notice, or at any later time specified in the notice.

As you are aware, being Chair of the Panel means that you have the opportunity to make a significant contribution the future direction of the air navigation system, and in turn, to the livelihoods and wellbeing of New Zealanders.

I look forward to working with you during your appointment.

Yours sincerely,

*Placeholder - Office to
replace with Min signature*

Hon Michael Wood
Minister of Transport

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OFFICIAL INFORMATION ACT 1982

Hon Michael Wood

Minister of Transport
Minister for Workplace Relations and Safety



Danny Tuato'o

s 9(2)(a)

Dear Danny,

I am pleased to invite you to serve as a member of the Air Navigation System Review Panel (the Panel) for a term commencing on 1 June 2022 and ending on 28 April 2023. Please confirm your acceptance of this appointment by responding to the email with this letter as soon as possible.

The purpose of this appointment is to conduct a high level, first principles review of the air navigation system focused on the policy and regulatory, institutional and funding settings. The review will determine the principles and objectives that will deliver what New Zealand wants and needs from the system and recommend options to achieve those outcomes.

A copy of the Terms of Reference, which sets out the governing arrangements for the Panel is attached for your information.

The following are the requirements of your position as a member of the Panel.

Declarations

I note you have certified that you are not disqualified from serving in this role, and that you have declared you have no conflicts of interest.

I expect you to follow the Ministry of Transport processes for declaring and managing conflicts of interest should any other perceived, potential, or actual conflicts arise during the course of the Review.

Remuneration

As a member of the Panel, you will receive a daily fee of \$560. The review role should take up to seven working days a month. Please keep the Secretariat informed of the number of days worked per month.

You are also entitled to be reimbursed for any actual and reasonable expenses incurred attending meetings or undertaking any other agreed work. The Panel secretariat will be able to assist you with claims and any taxation matters.

Responsibilities and obligations of all members

Panel members must perform their role in good faith, honestly and impartially, and retain stakeholder and public confidence in the Panel and its findings. Panel members are expected

to actively contribute to the Review and the finalisation of its observations and recommendations.

I expect Panel members to bring their skills and experience to the Review as individuals, not representing or attending as appointees of any organisation.

Panel members will maintain confidentiality of any sensitive information. Communications and advice of the Panel will be subject to the Official Information Act 1982. Official Information Act requests will be managed by the Ministry of Transport.

The Secretariat will arrange for publication of the Panel's formal written advice at an appropriate time, on a dedicated page on the Ministry of Transport website.

I appreciate a no surprises approach. If a situation arises that could or will reflect negatively on yourself or the Panel, I expect you to raise it with me as soon as possible.

Secretariat contact

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Resignation

Should you wish to resign from office prior to your end of term, you would need to provide written notice to me as the Minister of Transport. The resignation would be effective on my receipt of the notice, or at any later time specified in the notice.

As you are aware, being a member of the Panel means that you have the opportunity to make a significant contribution the future direction of the air navigation system, and in turn, to the livelihoods and wellbeing of New Zealanders.

I look forward to working with you during your appointment.

Yours sincerely,

*Placeholder - Office to
replace with Min signature*

Hon Michael Wood
Minister of Transport

25 May 2022

OC220404

Hon Michael Wood
Minister of Transport

ATTENDANCE AT AIR NEW ZEALAND BOARD MEETING**Snapshot**

You have agreed to provide a five-minute speech to the Air New Zealand Board on the topic of “current issues and opportunities in the air travel space”. Following your speech, there will be an opportunity for a Q&A session.

Time and date	7.30 – 8.30am, 27 May 2022
Venue	Air New Zealand House, 185 Fanshawe Street, Auckland
Attendees	Air New Zealand Board members: Dame There Walsh (Chair) Claudia Batten Dean Bracewell Larissa Cooney Larry De Shon Alison Gerry Paul Goulter Jonathan Mason
Officials attending	No officials will be attending.
Media	No media are expected.
Speaking notes	Speaking notes are attached.

Contacts

Name	Telephone	First contact
Tom Forster, Manager, Economic Regulation	s 9(2)(a)	✓
Ken Hopper, Senior Licensing Adviser		

ATTENDANCE AT AIR NEW ZEALAND BOARD MEETING

Financial information

- 1 On 24 February 2022, Air New Zealand announced its interim financial results for the six-month period ending 31 December 2021. Some highlights:
 - a statutory loss before taxation of \$376 million
 - operating revenue of \$1.1 billion - 9 percent lower than the prior period, driven, Air New Zealand says, by a 26 percent decline in passenger revenue due to the national alert level restrictions and 107-day Auckland lockdown
 - cargo revenue, supported by the Maintaining International Air Connectivity scheme, increased 29 percent to \$482 million
 - fuel costs increased 14 percent to \$174 million
 - liquidity of \$1.4 billion as at 23 February 2022, made up of approximately \$170 million of cash and \$1.24 billion of available funds under the remaining Crown Facility and Redeemable Shares
 - a current expectation for the full 2022 financial year is a loss before taxation and other significant items that will exceed \$800 million.

Environmental matters

- 2 The Emissions Reduction Plan (ERP) released this month contains a transport chapter setting out targets to reduce transport emissions by 41 percent by 2035.
- 3 Transport is one of our largest sources of emissions. It accounts for approximately 17 percent of our gross domestic emissions. Transport is responsible for approximately 39 percent of our CO₂ emissions.
- 4 Aviation will play a part to help reduce domestic aviation emissions. Given this the ERP has identified three initial actions for the sector:
 - Develop and set specific targets for decarbonising domestic aviation in line with 2050 targets – the targets need to be developed and set by the end of 2023.
 - Establish a public-private leadership body focussed on decarbonising aviation, including operational efficiencies, infrastructure improvements, and frameworks to encourage research, development and innovation in sustainable aviation. This leadership body is to be established by the end of 2022.
 - Implement a sustainable aviation fuel (SAF) mandate - the proposed settings for a SAF-specific mandate are to be developed by December 2022, once the findings of Air New Zealand's SAF Feasibility study are available.

The Sustainable Aviation Fuels obligation

- 5 On 1 November 2021, Cabinet agreed that aviation fuels would be excluded from the Sustainable Biofuels Obligation and would be addressed through a separate SAF Obligation.
- 6 An aviation specific obligation will mean a guaranteed reduction in emissions from aviation fuel through the deployment of biofuels. This is in line with overseas best practice and recognises that a uniform target, as proposed under the Sustainable Biofuels Obligation, would be unlikely to stimulate demand for SAF. This is primarily due to SAF's higher relative cost, both compared to conventional jet fuels and other conventional biofuels (e.g., ethanol and biodiesel).
- 7 The Minister of Energy and Resources and the Minister of Transport are to report back on the proposed settings of a SAF-specific obligation by December 2022. This will be informed by the findings of the MBIE – Air New Zealand SAF feasibility study. This feasibility study is in train and examines the potential for domestic SAF production, with initial findings expected in July 2022.
- 8 We expect to undergo preliminary engagement with key stakeholders, such as Air New Zealand, to test initial policy development prior to the December 2022 Cabinet report back, but after the findings of the MBIE-Air NZ SAF feasibility study are made available.

International services

- 9 As Covid restrictions relax, Air New Zealand is restoring its international network, including the important North America market. September 2022 will see the pandemic-delayed commencement of its New York service, followed in October by the resumption of services to Chicago. Services to Houston resume in July 2022.
- 10 We expect China's Covid response will delay a full return to this important tourism market for some time to come. At one point, there were six Chinese carriers operating to New Zealand. Currently, only China Eastern Airlines (from Shanghai) and China Southern Airlines (from Guangzhou) are operating, but with much reduced frequency of service.

Suggested Talking Points/Questions and Answers

Pre-departure testing

Why hasn't the Government removed the need for pre-departure testing (PDT)?

We have agreed to remove PDT no later than 31 July 2022. This date takes account of current work underway on testing and surveillance and new variant planning, which will help to provide a level of reassurance for the health and safety of New Zealanders before the date for removal of PDT can be confirmed. This means it's possible for the date to be earlier than the end of July.

We recognise the need to provide as much notice as possible of when PDT will be removed, especially with the school holidays in July. I also understand you are starting or recommencing 15 routes in 14 days in July, so certainty around the date would be highly beneficial.

Vaccination and testing:

Why are mandates still in place now that the virus is in the community?

We recognise that the border workforce has been subject to testing and vaccination requirements for some time now, and they have played an incredibly important and significant role in the country's line of defence.

Advice on the future of both the Required Testing Order and the Vaccination Order, as it may apply to border workers, is under active consideration by Government. Any changes will be communicated quickly to you as key stakeholders.

Reconnecting New Zealanders – talking points

I want to thank Air New Zealand for all your work over the last few months, as our Reconnecting New Zealanders plan has been rolling out. Your staff have been critical to achieving a safe and smooth reopening of the air border. They've been professional, flexible and pragmatic.

You also continue to provide government with valuable advice on the impact and feasibility of border reopening policies.

Capital raising

I congratulate you on the successful \$1.2 billion capital raising. This shows significant confidence in the airline. Were any unexpected issues encountered during this process or lessons learned?

Environment

I understand that, together with the Ministry of Business, Innovation and Employment, you are undertaking a feasibility study into the potential for domestic sustainable aviation fuels. Further to this, have you already identified where you would like to engage with respect to policy settings development or other aviation decarbonisation possibilities?

International

I am encouraged by the pace at which you are intending to restore your international network. Aside from fuel costs and the pandemic, are there other particular issues you face in the international sphere?

Are there any challenges in restoring your previous code-share arrangements with Star Alliance partners and other airlines you cooperate with?

Do you foresee a return to operating services to South America? (Air New Zealand operated to Buenos Aires prior to the Covid-19 pandemic.)

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Annex 1: Speaking Notes

ATTENDANCE AT AIR NEW ZEALAND BOARD MEETING

Approx 500 words (5 Minutes).

Welcome

- Tena koutou katoa – good morning
- I am pleased to attend your Board meeting to provide a brief overview of the current opportunities and challenges that exist in aviation.
- Firstly, I'd like to thank Dame Therese Walsh for the invitation to speak here today

Transport emissions

- The Emissions Reduction Plan (ERP) released this month contains a transport chapter setting out targets to reduce transport emissions by 41 percent by 2035.
- Transport is one of our largest sources of emissions. It accounts for approximately 17 percent of our gross domestic emissions. Transport is responsible for approximately 39 percent of our CO2 emissions.
- Aviation will play a part to help reduce domestic aviation emissions. Given this the ERP has identified three initial actions for the sector:
 - Develop and set specific targets for decarbonising domestic aviation in line with 2050 targets – the targets need to be developed and set by the end of 2023.

- Establish a public-private leadership body focussed on decarbonising aviation, including operational efficiencies, infrastructure improvements, and frameworks to encourage research, development and innovation in sustainable aviation. This leadership body is to be established by the end of 2022.
- Implement a Sustainable Aviation Fuel (SAF) obligation (previously referred to as mandate) - the proposed settings for a SAF-specific obligation are to be developed by December 2022, once the findings of the joint Ministry for Business, Innovation and Employment (MBIE) - Air New Zealand domestic SAF production feasibility study are available.
- We expect to engage further with you to test initial policy development for the SAF obligation prior to the December 2022 Cabinet report back.
- I'd like to acknowledge the significant work that Air New Zealand is doing in taking steps to reduce emissions, including your work in working with manufacturers on electric planes and alternative fuels.

COVID-19 and aviation

- While there is light at the end of the tunnel with the reopening of our borders, aviation has experienced an incredibly tough few years.
- We remain committed to supporting aviation as the sector recovers. We have extended critical support through the MIAC scheme to March 2023, to ensure freight connectivity is retained while we rebuild international connections and support New Zealand's economic recovery.

- Air New Zealand is key to ensuring the scheme continues to meet its objectives. I would like to thank Air New Zealand for your continued support, especially as we enter the exit phase of the scheme.
- I am pleased to see significant passenger recovery on key routes, allowing support to be exited in some cases. Exiting support where it is no longer needed remains a key focus for MIAC.
- I understand Transport officials are working closely with your staff on how to best manage the significant fuel price increases impacting the aviation sector, and that you are developing ways to reduce your support requirements. We will need to continue working together as these price pressures increase.

Conclusion

- I'd like to acknowledge the work that you, your executives and your staff have put into Air New Zealand over the last few years in particular.
- I am pleased to see Air New Zealand gearing up services to both new and familiar international destinations.
- It's been tough, and the challenges aren't over yet, but Air New Zealand will remain a critical part of our aviation sector.
- I look toward to further strengthening of the government/airline relationship.

25 May 2022

OC220387

Hon Michael Wood**Action required by:****Minister of Transport**

Tuesday, 21 June 2022

**PROACTIVE RELEASE OF INFORMATION ON NEW ZEALAND'S AIR
TRANSPORTATION AGREEMENT WITH MEXICO, AND A DELEGATION OF
AUTHORITY TO THE MINISTERS OF TRANSPORT AND FOREIGN AFFAIRS****Purpose**

Seek your approval to proactively publish the Cabinet Paper and Minute on amendments to New Zealand's Air Transportation Agreement with Mexico, and a delegation of authority to the Ministers of Transport and Foreign Affairs, on the Ministry of Transport's website.

Number of papers	Three.
Deadline	Tuesday, 21 June 2022.
Risks	No risks are identified.

Recommendations

We recommend you:

- 1 **approve** the Ministry to publish the Cabinet paper *Amendments to New Zealand's Air Transportation Agreement with Mexico, and a Proposal to Delegate Authority for Air Services Treaty Actions to the Ministers of Transport and Foreign Affairs* and two associated documents on the Ministry's website Yes /
No
- 2 **note** that, in order to meet the timeliness required by Cabinet Office circular 18(4), the documents must be published by 21 June 2022. Yes /
No



Tom Forster
Manager, Economic Regulation

25 / May / 2022

Minister's office to complete:

☐ Approved

☒ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Hon Michael Wood
Minister of Transport

... / ... /

Comments

Contacts

Name	Telephone	First contact
Tom Forster, Manager, Economic Regulation	s 9(2)(a)	<input type="checkbox"/>
Ken Hopper, Senior Licensing Adviser	s 9(2)(a)	

PROACTIVE RELEASE OF INFORMATION ON NEW ZEALAND'S AIR TRANSPORTATION AGREEMENT WITH MEXICO, AND A DELEGATION OF AUTHORITY TO THE MINISTERS OF TRANSPORT AND FOREIGN AFFAIRS

Background

- 1 On 9 May 2022 Cabinet made a decision on the paper titled *Amendments to New Zealand's Air Transportation Agreement with Mexico, and a Proposal to Delegate Authority for Air Services Treaty Actions to the Ministers of Transport and Foreign Affairs*.
- 2 Cabinet Office circular CO 18(4) states that all Cabinet and Cabinet Committee papers and minutes be proactively released and published online within 30 business days of final decisions being taken by Cabinet. This is the case "unless there is good reason not to publish".
- 3 We propose to publish the following documents on the Ministry's website on 21 June 2022:
 - Cabinet paper: *Amendments to New Zealand's Air Transportation Agreement with Mexico, and a Proposal to Delegate Authority for Air Services Treaty Actions to the Ministers of Transport and Foreign Affairs*
 - Cabinet Committee minute: DEV 22 MIN- 0093
 - Cabinet paper attachment: New Zealand – Mexico Exchange of Notes.

Review

- 4 The Ministry has reviewed these documents and has determined that they be released in full. No redactions are recommended as the subject matter is non-controversial and does not reveal matters of international concern.

Consultations undertaken

- 5 The Ministry of Foreign Affairs and Trade was consulted on the release of these documents, and agreed with our assessment that they be released without substantive redactions.

Risks and mitigations

- 6 No risks are identified.

Next steps

- 7 Once you have approved the release of the documents, we will publish them on the Ministry's website.

Annexes

8 The following documents are attached to this briefing:

- Annex 1** Cabinet paper: *Amendments to New Zealand's Air Transportation Agreement with Mexico, and a Proposal to Delegate Authority for Air Services Treaty Actions to the Ministers of Transport and Foreign Affairs*
- Annex 2** Cabinet Committee minute: DEV-22-MIN-0093
- Annex 3** New Zealand – Mexico Exchange of Notes.

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Document Schedule

Ref	Date of document	Name of document	Details
1	4 May 2022	Amendments to New Zealand's Air Transportation Agreement with Mexico, and a Proposal to Delegate Authority for Air Services Treaty Actions to the Ministers of Transport and Foreign Affairs	Cabinet paper. Released in full.
2	4 May 2022	Cabinet Committee Minute DEV-22-MIN-0093	Released in full.
3	N/A	Mexico Exchange of Notes	Cabinet paper attachment. Released in full.

The three papers noted above are refused under Section 18(d) and can be found online here:

www.transport.govt.nz/assets/Uploads/Cabinet-paper-re-Mexico-air-services-and-delegation-of-authority-from-Cabinet.pdf

www.transport.govt.nz/assets/Uploads/Mexico-Exchange-of-Notes-re-air-services.pdf

www.transport.govt.nz/assets/Uploads/Mexico-Cabinet-Minute.pdf