

OC210995

17/02/2022



Dear 

I refer to your request that was transferred to me on 8 December 2021, pursuant to the Official Information Act 1982 (the Act), seeking:

- *Any reports, including advice to the Minister of Transport, that considers the likelihood of international airlines' return to serve NZ routes, and the risk that NZ's border settings and other factors that limit international travel will result in reduced service by international carriers. Please limit this request to 2021.*

The Ministry of Transport holds several documents that fall within the scope of your request.

COVID-19-Reconnecting New Zealanders-International Connectivity. Certain information in the document is being withheld with reliance on the following sections of the Act:

- 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
- 9(2)(g)(i) allows information to be withheld if it is necessary to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any department or organisation in the course of their duty.
- 9(2)(f)(iv) relates to the constitutional conventions which protect the confidentiality of advice tendered by Ministers or officials (active consideration)

Communications concerning airlines. This document contains several emails regarding the aviation sector and factors that affect airlines' willingness to return to New Zealand. Certain information in the document is being withheld with reliance on the following sections of the Act:

- 9(2)(b)(ii) to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
- 9(2)(a) relates to the privacy of natural persons
- 9(2)(g)(i) relates to the effective conduct of public affairs through the free and frank expression of opinion by Ministers or officials

Excerpts information in scope. The final document attached for this Official Information Act response is an excerpt from several briefings and reports provided to the Minister of Transport. Most of the information contained within these briefings was out of scope of your request, however, some sections briefly laid out advice regarding airlines' likelihood to return to New Zealand.

I am of the opinion that there are no countervailing considerations that make it desirable, in the public interest, to make the information available that has been withheld under section 9 of the Act.

You have the right under section 28(3) of the Official Information Act to make a complaint about the withholding of information to the Ombudsman, who can be contacted at info@ombudsman.parliament.nz

Yours sincerely

A handwritten signature in black ink, appearing to be 'JR' with a stylized flourish.

Jessica Ranger
Manager COVID-19 Policy and Delivery



Following the 24 November announcements on Reconnecting New Zealanders, the aviation sector is urgently seeking as much certainty as possible about:

- when the self-isolation requirements will be lifted. Leisure and business travel are not expected to return until this requirement is lifted.
- the detail around when New Zealand will reopen to non-New Zealanders (Step 3 of Reconnecting New Zealanders). This underpins capacity and will be a key factor for airlines deciding whether, and how often, to operate to New Zealand.

Withheld under Section 9(2)(b)(ii)

The nature of the aviation industry means planning happens well in advance

The timeline on the right sets out critical decision points for the industry, and options for providing greater clarity to the sector, taking into account wider government objectives. Public health, legal and operational considerations may affect our ability to provide the level of certainty industry seeks – but it’s about providing as much certainty, or as much signalling, as we can. None of the options would preclude adjustments that might be needed if new variants of concern emerge.

There are significant strategic risks for New Zealand

- Our international connections underpin our trade, tourism and people links – and will be critical to New Zealand’s COVID-19 recovery.
- [Redacted]
- The airline sector is reshaping its capacity and routes. New Zealand is a small, distant and expensive destination – at the best of times.
- [Redacted]
- We are already seeing airlines further reducing capacity to New Zealand. Airlines that had reconfirmed their commitment to the New Zealand market are reportedly wavering.
- Once an airline leaves New Zealand, it is unlikely to return. It takes around 3-5 years to attract an airline to the market (even pre-COVID).
- Australia, our main competitor, has a clear plan and some states are already reopening without self-isolation (notwithstanding disruption from Omicron).

Withheld under Section 9(2)(b)(ii)

Withheld under Section 9(2)(f)(iv)

Withheld under Section 9(2)(b)(ii)

Withheld under Section 9(2)(b)(ii)

Reconnecting New Zealanders milestones and decision points for industry

2021	Now	<p>Airline routes are already set until late October 2022:</p> <ul style="list-style-type: none"> • New aircraft are unlikely to be deployed to New Zealand. • But we risk losing aircraft to meet growing demand elsewhere. <p>Options:</p> <ul style="list-style-type: none"> • [Redacted] • [Redacted] • Provide detail on the factors Ministers will be considering in lifting self-isolation.
	December	<p>Ministers to consider settings for self-isolation, staging of Step 3 and review schedule</p> <p>Options:</p> <ul style="list-style-type: none"> • Provide certainty about how long self-isolation is expected to be in place. • Clearly set out the review schedule. <p>(Note LATAM Airlines is seeking clarity on New Zealand’s settings before Christmas as it seeks to resume Santiago-Auckland-Sydney flights.)</p>
2022	17 January	<p>Step 1 commences: New Zealand and eligible travellers from Australia</p>
	February	<p>Airlines lock in schedules from October 2022 (Northern Winter/NZ summer season)</p> <p>This is the critical point for airlines. We expect to see airlines leaving the New Zealand market if there is no clarity about when self-isolation will be removed and when we will open to all visa categories. Auckland Airport reports:</p> <ul style="list-style-type: none"> • Four major North American airlines have signalled they need certainty by February at the latest to resume flying to New Zealand by October 2022). • Middle Eastern airlines are also seeking clarity about passenger volumes by February. <p>Option: Commit to providing as much certainty as possible before this point.</p>
	14 February	<p>Step 2 commences: New Zealand and eligible travellers from Australia</p> <ul style="list-style-type: none"> • After an initial spike of New Zealanders returning, concerns that demand could drop below even current levels. • Opportunity to allow in other cohorts if volumes drop significantly.
	31 March	<p>[Redacted]</p> <p>[Redacted]</p>
	30 April	<p>Step 3 commences: Fully vaccinated foreign nationals (possibly staged by visa category)</p> <p>Demand in/out of New Zealand is expected to remain suppressed for some time – especially as we will be entering winter. Analysis commissioned by Auckland Airport shows:</p> <ul style="list-style-type: none"> • [Redacted]
	October	<p>Northern Winter/NZ Summer Tourism Season begins</p>

Released under the Official Information Act 1982

From: [Garrick Wood](#)
To: [Tom Gillard](#)
Subject: FW: Air Canada removing freight flights to NZ as of Sept 26 - months earlier than planned.
Date: Monday, 17 January 2022 10:32:55 am
Attachments: [image005.png](#)
[image009.png](#)

FYI

Ngā mihi,

Garrick Wood (he / him / Mr) Withheld under Section 9(2)(a)
M: [REDACTED] | E: g.wood@transport.govt.nz | transport.govt.nz

From: Melanee Beatson <M.Beatson@transport.govt.nz>
Sent: Friday, 17 September 2021 3:57 pm
To: [REDACTED] Brent Lewers <B.Lewers@transport.govt.nz>; Shelley Tucker <s.tucker@transport.govt.nz>; Garrick Wood <G.Wood@transport.govt.nz>
Cc: [REDACTED] Withheld under Section 9(2)(a)
Subject: RE: Air Canada removing freight flights to NZ as of Sept 26 - months earlier than planned. Withheld under Section 9(2)(a)

Thanks [REDACTED] for sharing this with us – we can understand that it would have come as a blow.

It's useful context/case in point for us to be able to feed into discussions on the Reconnecting NZers work and how we reopen, so I hope it's OK for us to share these points with other agencies that are working on this (respecting commercial in confidence).

Looking forward to the presentation next week.

Melanee

Melanee Beatson
M: [REDACTED] Withheld under Section 9(2)(a)



TE MANATŪ WAKA
MINISTRY OF TRANSPORT

Hāpaitia ana ngā tāngata o Aotearoa kia eke
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Withheld under Section 9(2)(a)

From: [REDACTED]
Sent: Friday, 17 September 2021 2:45 pm
To: Brent Lewers <B.Lewers@transport.govt.nz>; Shelley Tucker <s.tucker@transport.govt.nz>; Melanee Beatson <M.Beatson@transport.govt.nz>; Garrick Wood <G.Wood@transport.govt.nz>
Cc: [REDACTED]
Subject: Air Canada removing freight flights to NZ as of Sept 26 - months earlier than planned.

Withheld under Section 9(2)(a)

Hi all

Apologies for Friday email but this news just came through today and it a bit of a blow for freight into and out of NZ.

Air Canada has informed Auckland Airport that they are withdrawing their cargo only service to New Zealand, months earlier than planned and the last flight will be on Sept 26 (so end of next week).

Only recently they had informed us they planned to run it until at least March 2022. However, it seems that they are bringing that forward by 6 months, because they are seeing strong demand elsewhere on their network as Canada has opened up to international travel e.g. [REDACTED]

[REDACTED] Withheld under section 9(2)(b)

(ii)

So, effective end of the month, that removes tonnes of capacity between AKL and Vancouver / Toronto and onward access to markets across North America.

This is concerning due to the loss of capacity of this specific route, but also highlights in tangible terms the risk of NZ experiencing freight supply issues as the rest of the world opens up ahead of us.

Details of the service that is being withdrawn

- 2 to 3 per week Boeing 777-300ER dedicated to cargo only (converted passenger aircraft)
- Routing: Vancouver – Sydney – Auckland – Vancouver or Toronto
- Connectivity also served exports beyond Canada to US & UK, and imports from US, Germany.

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Withheld under Section 9(2)(b)(ii)

Highlights general trend we are worried about

- Airlines are seeing demand return in the Northern Hemisphere for passenger flights and so it makes less commercial sense for them to fly freight only to NZ.
- It is not just that NZ isn't opening yet which is understandable, its that airlines aren't seeing clear signals about when we will be or what criteria need to be met.
- To contrast Air Canada is planning to return to Sydney with regular passenger services from mid-December in line with the certainty of border opening in NSW.

This makes the presentation we are giving next week really timely I think and that so much for facilitating it for us!

Cheers

[REDACTED]

[REDACTED]

Withheld under Section 9(2)(a)


aucklandairport.co.nz



A Auckland
Airport

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Released under the Official Information Act 1982

From: [Melanee Beatson](#)
To: [Tom Gillard](#); [Andrew Somerfield](#); [Garrick Wood](#)
Cc: [Brent Lewers](#)
Subject: FW: Auckland Airport Air connectivity presentation
Date: Wednesday, 29 September 2021 10:34:36 am
Attachments: [image004.png](#)
[Auckland Airport Air Connectivity Presentation Sept 2021.pdf](#)
[image005.png](#)

I offered to send this to Tom, and sharing with the rest of the test too,

Melanee Beatson

M: [REDACTED] **Withheld under Section 9(2)(a)**



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From: Melanee Beatson
Sent: Tuesday, 28 September 2021 12:59 pm
To: Megan Stratford [DPMC] <Megan.Stratford@dpmc.govt.nz>; Alice Hume [DPMC] <Alice.Hume@dpmc.govt.nz>
Cc: Sam Willis [DPMC] <Sam.Willis@dpmc.govt.nz>; Brent Lewers <B.Lewers@transport.govt.nz>
Subject: FW: Auckland Airport Air connectivity presentation

[IN CONFIDENCE]

Kia ora Megan and Alice

As promised (but belatedly), here is the slide deck from Auckland Airport's presentation last week – please note the caveat below about not sharing outside of government. There are some useful stats, facts and figures in there.

The key points I think from a wider NZ perspective (from this presentation and generally) would be:

- International connectivity remains fundamental to the economic and social wellbeing of New Zealanders.
- New Zealand is a small, distant, expensive and low-demand destination – at the best of times.
- Internationally airlines have consolidated resources and are operating smaller fleets to fewer destinations. [REDACTED]

Withheld under section 9(2)(b)(ii)

- The Managing International Air Connectivity (MIAC) scheme, and its predecessor the International Air Freight Capacity (IAFC) scheme, have been instrumental in keeping cargo operating to and from New Zealand, as well as maintaining aviation capacity and infrastructure in New Zealand.
- We are reaching a critical point now as other countries start to open up passenger

travel. We expect to see airlines focusing on more profitable passenger routes as they become available. Air Canada's withdrawal of its cargo service to New Zealand on 26 September to focus on international travel in the northern hemisphere, six months earlier than anticipated, is an example of this.

- Auckland Airport has said that, once an airline withdraws from New Zealand, it is unlikely to return. It takes 3-5 years to attract an airline back to the market (even without the additional challenges in the COVID environment).
- Aviation industry participants have consistently sought as much clarity as possible about how, if not when, New Zealand will open its borders. As others begin to open up, industry has emphasised that the lack of certainty and public signalling increases the risk of companies choosing to leave the New Zealand market.
- Our future aviation connections are not expected to be as wide or far as pre-COVID, at least for some time.

[REDACTED]
[REDACTED]
[REDACTED] Withheld under section 9(2)(b)(ii)

Very happy to tease out some of this thinking for the next iteration of the RNZ work.

Mel

Melanee Beatson

M: [REDACTED] Withheld under Section 9(2)(a)



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From: [REDACTED] Withheld under Section 9(2)(a)

Sent: Wednesday, 22 September 2021 8:42 am

To: Bronwyn Turley <B.Turley@transport.govt.nz>; Melanee Beatson <M.Beatson@transport.govt.nz>; Katherine MacGregor <Katherine.MacGregor@tnz.govt.nz>; Emil Petrov <Emil.Petrov@tnz.govt.nz>; Bjoern Spreitzer <Bjoern.Spreitzer@tnz.govt.nz>; Angela Gore <Angela.Gore@tnz.govt.nz>; Rebecca Ingram <Rebecca.Ingram@tnz.govt.nz>; Emma Broederlow [DPMC] <Emma.Broederlow@dpmc.govt.nz>; SANDERS Aimee <Aimee.Sanders@customs.govt.nz>; MARK Nicky <nicky.mark@customs.govt.nz>; Aaron Wright <Aaron.Wright@dpmc.govt.nz>; Danielle McKenzie <Danielle.McKenzie@mbie.govt.nz>; Emily Waterson [DPMC] <Emily.Waterson@dpmc.govt.nz>; PANETTIERE Shane <shane.panettiere@Customs.govt.nz>; Michelle Veisaku [DPMC] <Michelle.Veisaku@dpmc.govt.nz>; Peter Elms <Peter.Elms@mbie.govt.nz>; GOULD, Jacinta (ECO) <Jacinta.Gould@mfat.govt.nz>; Paul Yeo <Paul.Yeo@tnz.govt.nz>; MCINDOE, Andrew (CPCD) <Andrew.McIndoe@mfat.govt.nz>; Candice Johanson <Candice.Johanson@tnz.govt.nz>; Shelley Tucker <s.tucker@transport.govt.nz>; AYERS, Matthew (PACPF) <Matthew.Ayers@mfat.govt.nz>; Victoria Hodgson <Victoria.Hodgson2@mbie.govt.nz>; Jennie Kennerley <Jennie.Kennerley@mbie.govt.nz>; Greg Henderson

<greg.henderson@mbie.govt.nz>; Zoe Juniper (DPMC) <Zoe.Juniper@dpmc.govt.nz>; COVENTRY, James (ECO) <James.Coventry@mfat.govt.nz>; MEINDERTS, Niels (ECO) <Niels.Meinderts@mfat.govt.nz>; MACLEOD Shisla <Shisla.MacLeod@customs.govt.nz>; James Macleod <J.Macleod@transport.govt.nz>; ACKERLEY, Katja (ECO) <Katja.Ackerley@mfat.govt.nz>; MULLINDER Christine <Christine.Mullinder@customs.govt.nz>; Graeme Solloway - AKL <Graeme.Solloway@nzte.govt.nz>; Peter Rowe [TSY] <Peter.Rowe@treasury.govt.nz>; Karl Woodhead <Karl.Woodhead@mbie.govt.nz>; PRAKASH, Sanjay (AKL) <Sanjay.Prakash@mfat.govt.nz>; COLLINS Alan <Alan.Collins@customs.govt.nz>; Clare Willard - WLG <Clare.Willard@nzte.govt.nz>; HALL, Jeremy (ECO) <Jeremy.Hall@mfat.govt.nz>; Bonnie Holster <holsb@tpk.govt.nz>; Rob Huddart (NZ) <rob.x.huddart@pwc.com>; Sarah Gauthier <gauts@tpk.govt.nz>; Pretorius Kristeena <Kristeena.Pretorius@Customs.govt.nz>; Steve McCombie (Steve) <Steve.McCombie@mpi.govt.nz>; Roger Batten (Customs) <Roger.Batten@Customs.govt.nz>; BALDWIN Nicholas <Nicholas.Baldwin@customs.govt.nz>; Greg Henderson <greg.henderson@mbie.govt.nz>; Garrick Wood <G.Wood@transport.govt.nz>

Subject: Auckland Airport Air connectivity presentation

Hi everyone

Thank you so much for attending the Auckland Airport air connectivity presentation yesterday. We were heartened by the attendance and questions, and we are very much keen to engage further. Issues around air connectivity, freight and trade are not going away so we want stay connected with government. So please don't hesitate to reach out to me for further information or briefings.

As requested please find attached the slides we presented. Feel free to share them with colleagues/Ministers as needed, but they are confidential so please don't to share any wider than that.

Cheers

[Redacted]

Withheld under Section 9(2)(a)

[Redacted]
[Redacted]
[Redacted]



A Auckland Airport

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From: [Garrick Wood](#)
To: [Tom Gillard](#)
Subject: FW: Reconnecting New Zealanders
Date: Monday, 17 January 2022 10:38:06 am
Attachments: [image001.png](#)
[4447094_Reconnecting_New_Zealanders_-_Moving_forward_with_the_approach_FOR_CABINET_15_NOVEMBER_DOCX](#)
[RE URGENT MINISTERIAL CONSULTATION Reconnecting New Zealanders with the World - Moving forward with the approach.msg](#)

Ngā mihi,

Withheld under Section 9(2)(a)

Garrick Wood ([he / him / Mr](#))

M: [REDACTED] | E: g.wood@transport.govt.nz | transport.govt.nz

From: Melanee Beatson <M.Beatson@transport.govt.nz>

Sent: Monday, 15 November 2021 10:50 am

To: Garrick Wood <G.Wood@transport.govt.nz>

Subject: FW: Reconnecting New Zealanders

Melanee Beatson

M: [REDACTED] Withheld under Section 9(2)(a)



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MINISTRY OF TRANSPORT

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From: Melanee Beatson

Sent: Friday, 12 November 2021 5:07 pm

To: Seb (Parliament) Brown <Seb.Brown@parliament.govt.nz>

Cc: Brent Lewers <B.lewers@transport.govt.nz>; Shelley Tucker <s.tucker@transport.govt.nz>;

Bronwyn Turley <BTurley@transport.govt.nz>

Subject: Reconnecting New Zealanders

[IN CONFIDENCE]

Kia ora Seb

Just a quick update on the Cabinet paper – this is a slightly expanded version of the information in the table Shelley has sent through and attaches our earlier points, and attaches our earlier comments.

The recommended steps for Reconnecting New Zealanders are:

- a. **Step 1** – opening the medium-risk pathway to fully vaccinated New Zealand citizens and those residence-class visa holders and other travellers eligible under our current restrictive border settings, from Australia **from 1 February 2022** (provided they have been in Australia or New Zealand for the past 14 days);

- b. **Step 2** – expanding the medium-risk pathway to fully vaccinated New Zealand citizens and those residence-class visa holders and other travellers eligible under our current restrictive border settings, from all but higher-risk countries, **by 31 March 2022**;
- c. **Step 3** – expanding the medium-risk pathway to fully vaccinated foreign nationals (possibly staged by visa category) and subject to further advice on immigration visa processing capacity and advice the ongoing need for volume controls, **from Q2 2022 onwards**;

We would highlight the following points:

- [REDACTED] Withheld under section 9 (2)(g)(i)
- The details are still to be worked through, but both Qantas Group and Air New Zealand (i.e. the airlines that operated trans-Tasman QFT and are most likely to operate from the early stages) would be good to go within the proposed timeframes for the first steps (and earlier with adequate lead times).
- [REDACTED] Withheld under section 9 (2)(g)(i)
- Any signals about when we reopen will be welcomed by the sector – but the decisions will not probably go as far as they would like, particularly if the timing for Step 3 is not announced. We also anticipate that the proposed timeframes will be disappointing for some in the sector.
- The sector continues to make strong calls for certainty and highlight the impact on our ability to retain airlines in NZ in the absence of that certainty. [REDACTED]
- [REDACTED] Withheld under section 9 (2)(g)(i)
- Recommendation 12 seeks agreement to give airlines a heads up before any announcements. Experience shows that airline call centres are the first port of call for most potential travellers, so it's important that they have time to prepare staff

and communications.

Let us know if anything else would be useful.

Mel

Melanee Beatson

M: [REDACTED]

Withheld under Section 9(2)(a)



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From: Melanee Beatson

Sent: Thursday, 11 November 2021 11:26 am

To: Brent Lewers <B.Lewers@transport.govt.nz>; Seb (Parliament) Brown <Seb.Brown@parliament.govt.nz>

Cc: Shelley Tucker <s.tucker@transport.govt.nz>

Subject: RE: Summary of SWC discussion on Reconnecting

Thanks Seb! Just to confirm we are working with DPMC on the paper.

Melanee Beatson

M: [REDACTED]

Withheld under Section 9(2)(a)



Hāpaitia ana ngā tāngata o Aotearoa kia eke
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From: Brent Lewers <B.Lewers@transport.govt.nz>

Sent: Thursday, 11 November 2021 10:26 am

To: Seb (Parliament) Brown <Seb.Brown@parliament.govt.nz>; Melanee Beatson <M.Beatson@transport.govt.nz>

Cc: Shelley Tucker <s.tucker@transport.govt.nz>

Subject: RE: Summary of SWC discussion on Reconnecting

Great, thanks Seb

From: Seb Brown <Seb.Brown@parliament.govt.nz>

Sent: Thursday, 11 November 2021 10:25 am

To: Brent Lewers <B.Lewers@transport.govt.nz>; Melanee Beatson <M.Beatson@transport.govt.nz>

Cc: Shelley Tucker <s.tucker@transport.govt.nz>

Subject: FW: Summary of SWC discussion on Reconnecting

Hi Brent, Mel

Please refer to the below. I assume you're already liaising with DPMC on this, but am passing on just to make sure.

Cheers

Seb Brown

M: [REDACTED] **Withheld under Section 9(2)(a)**

From: Matt Greer

Sent: Thursday, 11 November 2021 9:06 AM

To: Seb Brown <Seb.Brown@parliament.govt.nz>

Subject: FW: Summary of SWC discussion on Reconnecting

Hiya

Could you make sure that MOT is working with DPMC on the Reconnecting paper – I understand DPMC has relayed this to relevant agencies so this would be a good opportunity to work on nailing down a date.

Matt

From: [REDACTED]

Sent: Thursday, 11 November 2021 9:01 AM

To: Matt Greer <Matt.Greer@parliament.govt.nz>

Subject: Summary of SWC discussion on Reconnecting

- [REDACTED]
- [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]

Withheld under section 9 (2) (g)(i)

Official Information Act 1982

[REDACTED]
Office of the Prime Minister

DDI: [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED]

Withheld under Section 9(2)(a)

Authorised by Rt. Hon Jacinda Ardern MP, Parliament Buildings, Wellington

Released under the Official Information Act 1982

Source: OC210616- COVID-19- Advice on the extension of the Maintaining International Air Connectivity scheme

MIAC has been successful in ensuring connections to key markets have been maintained and essential passenger movements enabled

- The agility of the MIAC scheme has enabled the Ministry to address capacity shortfalls and losses of connectivity as they arise:
- In May 2021, United Airlines pivoted to focus on the North American domestic recovery rather than its previously signalled expansion into New Zealand. This led to a significant capacity shortfall to North America.

We do not believe that a return to market conditions is appropriate or even possible at this stage

- Ease of market entry and exit: The current restrictions on passenger travel mean that entry into the New Zealand market is incredibly challenging for passenger airlines.
- Most routes to and from New Zealand are heavily reliant on just one operator (e.g. Singapore Airlines to Singapore, Air New Zealand to Los Angeles) and there is a limited ability to transit goods through other hubs due to reduced capacity on those routes.
- Widespread availability of information: Airlines need certainty to make operational decisions. Bringing aircraft back into service or redeploying aircraft and crew to add capacity takes time and requires a significant investment. This is generally not done unless there is a high level of confidence in the information and timelines available.
- While the Reconnecting New Zealanders timetable is helpful, the events of the last year have taught us that these plans for reopening often get overtaken by events. There is no guarantee that an increase in passenger numbers will occur in the first quarter of 2022. This uncertainty means that airlines do not have enough information to commit to a return to a market or bring stored aircraft back into service (which means they cannot ramp up quickly when passenger travel does resume). This is evidenced by the confirmation from United Airlines, Air Canada, and American Airlines that they do not intend to re-enter the New Zealand market for some time due in part to uncertainty over reopening timelines (presumably to focus on North American demand where there is greater certainty).

Source: OC210863 - COVID-19 – Update on the extension of the Maintaining International Air Connectivity scheme

Key points

- Emirates recently confirmed that due to the reopening of Australia's border and the need to reallocate aircraft to Sydney, Emirates' Christchurch services will cease from 1 December 2021.
- China Airlines has confirmed that it can no longer operate services to Christchurch over summer. We are continuing to work with airlines on other solutions to further close the capacity gap (solutions both inside the MIAC and market based).

Source: MIAC Monthly reports (August, September & October)

- Increased North American and European travel means carriers could leave the New Zealand market. There is an increasing risk that capacity exits the New Zealand market as other countries remove travel restrictions and airlines are able to operate more profitably elsewhere (this has already occurred with Air Canada and United Airlines exiting the New Zealand market and Emirates announced withdrawal from Christchurch in favour of Sydney). We will monitor and respond to capacity issues as appropriate.

Source: Reconnecting New Zealanders with the World: Moving forward with the approach

Executive Summary

- The aviation industry is urgently seeking signals about the pathway for border re-opening. New Zealand risks continuing to lose air connectivity, which would negatively impact our economic opportunities even once we open our borders.

Our overall context is changing, shaping the way we reconnect with the world

- There is also concern that, as other developed countries, particularly in the northern hemisphere, open up to each other, New Zealand is losing, and may continue to lose, air connectivity, which may impact our economic opportunities even once we open our borders. The Maintaining International Air Connectivity (MIAC) scheme, which allows airlines to break-even on routes, has been enough to keep airlines in New Zealand. However, some airlines are already shifting their now-smaller fleets to focus on more profitable routes in preference to operating here with government support. Industry has emphasised that the lack of certainty increases the risk of international airlines choosing to leave the New Zealand market, and is putting additional pressure on airlines' ability to manage limited resources. For example, United and Air Canada have recently withdrawn their services from New Zealand. This risk will continue to increase until clear public signals are made on the plan for reconnecting

Operational readiness at the border will be required to support re-opening decisions

- Clarity around New Zealand's re-opening settings will be critical to enable airlines and airports to facilitate risk-based pathways.

Source: OC210734 COVID-19: MAINTAINING INTERNATIONAL AIR CONNECTIVITY (MIAC) SCHEME - UPDATE ON CAPACITY AIDE MEMOIRE

Purpose

This aide memoire provides you with an update on changes to the air freight capacity available outside the Maintaining International Air Connectivity (MIAC) scheme and its corresponding impact on the Ministry's previous advice.

Key points

On 26 August 2021, the Ministry provided you and Minister Parker with advice on an extension of the MIAC scheme to 31 March 2022 (OC210616). This advice contained information on the expected freight capacity available outside the MIAC and this information formed a key part of the various extension options set out in the

briefing. Since this advice was provided, Air Canada has advised that it will exit the New Zealand market entirely from 26 September 2021. Air Canada was a significant contributor to freight capacity outside the MIAC and provided the vast majority of non-MIAC capacity to North America

We have already been contacted by freight forwarders advising that the exit of Air Canada will have a significant impact on exporters already struggling to secure capacity into North America. Without Air Canada, the only direct connections to mainland North America are Air New Zealand's MIAC flights to Los Angeles and San Francisco.

The exit of Air Canada reinforces the advice provided previously that as North America and Europe begin to reopen, it will be increasingly difficult to keep large international operators in New Zealand.

We have set out updated summary tables overleaf to take account of the loss of Air Canada. The tables also contain some corrections from the previous version provided to Ministers. On review by our partner agencies, some errors were found in the stated Asia capacity outside the MIAC which had flow on effects to the Options tables. These errors are not material to the advice provided to Ministers or our recommendations, but have been updated in the tables below for your reference. [Tables withheld under section 9 (b)(ii) of the Official Information Act 1982]

Regardless of the changes set out above, the Ministry's core assessment remains the same. There has been no improvement to either passenger movements or the unsupported cargo capacity over the last 12 months. Instead we now have clear evidence that there will be fewer options and less capacity available than last year (with the exit of North American carriers).

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