


OC220222 – Part One

9 May 2022



Tēnā koe 

I refer to your email dated 1 April 2022 to Hon Michael Wood, Minister of Transport, requesting the following documents under the Official Information Act 1982 (the Act):

- *The February 4, 2022 document “National Adaptation Plan actions for consideration”, reference number OC210997*
- *The February 10, 2022 document “MIAX exit strategy”, reference number OC220034*
- *The February 11, 2022 document “Update on Mike Pero airfreight proposal”, reference number OC220053*
- *The February 21, 2022 document “Transport Content for the Emissions Reduction Plan”, reference number OC210859*
- *The February 24, 2022 document “Emissions Reduction Plan – Transport Case Studies”, reference number OC220093*
- *The February 24, 2022 document “Auckland Light Rail: Preparing the detailed planning phase”, reference numbers OC220043, T2022/363, BRF21/22021240*
- *The February 24, 2022 document “COVID-19: Maintaining International Air Connectivity (MIAC) Scheme exit strategy – speaking notes for Cabinet Economic Development Committee on 2 March 2022.*

You were advised on 4 April 2022 that your request was transferred to Te Manatū Waka Ministry of Transport (the Ministry) for a response as it was more closely connected with the functions of the Ministry.

On 4 May 2022 we advised you that due to consultations required we were extending the time available to respond to your request by 20 working days and you would receive a response no later than 2 June 2022.

Consultation is still taking place on three of the documents you requested, but in the meantime I am providing you with a decision on your request for the other four documents.

The Ministry has previously provided you with briefing OC220034 through another request you made under the Act (reference OC220151: 27 April 2022) so this briefing is not being provided to you again. In addition, I am withholding two documents in full, and am refusing one document.

The following sections of the Act have been used:

- | | |
|-------------|--|
| 9(2)(b)(ii) | to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information |
| 9(2)(f)(iv) | to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials |
| 18(d) | the information requested is or will soon be publicly available. |

The above information is detailed in the document schedule attached as Annex 1.

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

I will provide you with the decision on the remaining three documents as soon as possible, but certainly no later than 2 June 2022.

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

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

Nāku noa, nā



Hilary Penman
Manager, Ministerial Services


Annex 1 - Document Schedule

Doc#	Reference number	Title of Document	Decision on request
1	OC210997	National Adaptation Plan actions for consideration	Extension of time limit under Section 15A.
2	OC220034	Maintaining International Air Connectivity (MIAC) Exit Strategy	Already provided under Official Information Act response OC220151 on 27 April 2022.
3	OC220053	Update on Mike Pero airfreight proposal	Extension of time limit under Section 15A.
4	OC210859	Transport Content for the Emissions Reduction Plan	Refused under Section 18(d). Following the publication of the Emissions Reduction Plan, the Ministry of Transport will work with the Ministry for the Environment on the proactive release of documents which informed the Plan.
5	OC220093	Emissions Reduction Plan – Transport Case Studies	Withheld in full under Section 9(2)(f)(iv).
6	OC220043	Auckland Light Rail: Preparing the detailed planning phase	Withheld in full under Sections 9(2)(b)(ii) and 9(2)(f)(iv).
7	OC220094	COVID-19: Maintaining International Air Connectivity (MIAC) Scheme exit strategy – speaking notes for Cabinet Economic Development Committee on 2 March 2022	Extension of time limit under Section 15A.

OC220222 – Part Two

13 May 2022



Tēnā koe 

I again refer to your request for information dated 1 April 2022 sent to the Minister of Transport, Hon Michael Wood, which was transferred to Te Manatū Waka Ministry of Transport (the Ministry) on 4 April 2022. You requested the following documents under the Official Information Act 1982 (the Act):

- *The February 4, 2022 document “National Adaptation Plan actions for consideration”, reference number OC210997*
- *The February 10, 2022 document “MIAX exit strategy”, reference number OC220034*
- *The February 11, 2022 document “Update on Mike Pero airfreight proposal”, reference number OC220053*
- *The February 21, 2022 document “Transport Content for the Emissions Reduction Plan”, reference number OC210859*
- *The February 24, 2022 document “Emissions Reduction Plan – Transport Case Studies”, reference number OC220093*
- *The February 24, 2022 document “Auckland Light Rail: Preparing the detailed planning phase”, reference numbers OC220043, T2022/363, BRF21/22021240*
- *The February 24, 2022 document “COVID-19: Maintaining International Air Connectivity (MIAC) Scheme exit strategy – speaking notes for Cabinet Economic Development Committee on 2 March 2022.*

On 4 May 2022 we advised you of an extension to the time period for responding to your request. The extension was due to consultations necessary to make a decision on your request being such that a proper response could not reasonably be made within the original time limit.

We provided you with a Part One response on 9 May 2022. This gave you a decision on four of the documents you requested. We have now completed the necessary consultations on the remaining three documents and our response is detailed below.

For clarity and completeness, all seven documents in scope of your full request are detailed in the document schedule attached as Annex 1. The schedule outlines how the documents have been treated under the Act, and notes where the decision was provided in Part One on 9 May 2022.

With regard to the decision on the three documents addressed in this letter (as Part Two of our response), two are released to you and one is withheld in full. The following sections of the Act have been used:

- | | |
|-------------|---|
| 6(a) | as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government |
| 9(2)(a) | to protect the privacy of natural persons |
| 9(2)(b)(ii) | to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information |
| 9(2)(ba)(i) | to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied |
| 9(2)(g)(i) | to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty |
| 18(d) | the information requested is or soon will be publicly available. |

The above information is detailed in the document schedule attached as Annex 1.

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

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

This letter and the attached documents complete our response to your request.

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

Nāku noa, nā



Hilary Penman
Manager, Ministerial Services

Annex 1 - Document Schedule

Doc#	Reference number	Title of Document	Decision on request
1	OC210997	National Adaptation Plan actions for consideration	Some information is withheld under Sections 9(2)(a) and 9(2)(ba)(i). Some information is refused under Section 18(d). Please refer to the draft National Adaptation Plan here: : https://environment.govt.nz/publications/draft-national-adaptation-plan/ In addition, the Ministry will be publishing supporting documentation on its website in due course.
2	OC220034	Maintaining International Air Connectivity (MIAC) Exit Strategy	Refer to Part One sent 9 May 2022.
3	OC220053	Update on Mike Pero airfreight proposal	Withheld in full under Section 9(2)(b)(ii).
4	OC210859	Transport Content for the Emissions Reduction Plan	Refer to Part One sent 9 May 2022.
5	OC220093	Emissions Reduction Plan – Transport Case Studies	Refer to Part One sent 9 May 2022.
6	OC220043	Auckland Light Rail: Preparing the detailed planning phase	Refer to Part One sent 9 May 2022.
7	OC220094	COVID-19- Maintaining International Air Connectivity (MIAC) Scheme Exit Strategy – speaking notes for Cabinet Economic Development Committee on 2 March 2022	Some information is withheld under Sections 6(a), 9(2)(a), 9(2)(b)(ii) and 9(2)(g)(i).

4 February 2022

OC210997

Hon Michael Wood
 Minister of Transport



Action required by:
 Friday, 11 February 2022

NATIONAL ADAPTATION PLAN ACTIONS FOR CONSIDERATION

Purpose

Provides information on the proposed transport actions for the National Adaptation Plan (NAP) under the Climate Change Response Act 2022 (CCRA) and seeks your agreement to the inclusion of these actions in the draft NAP that will be consulted on in Q2 of 2022.

Key points

- Under the CCRA, Aotearoa must prepare a NAP to support how we will adapt to the effects of climate change, including the significant physical risks to our transport system. Plans are produced every six years.
- The NAP will respond to the first National Climate Change Risk Assessment published in August 2020 and the 43 risks that Cabinet agreed in-principle as being in-scope for the NAP, including key risks to the transport system.
- Te Manatū Waka the Ministry of Transport (the Ministry) and Waka Kotahi have identified five transport actions for inclusion in the NAP, which will help support our ability to adapt to these risks. ^{s 18(d)}

- Each of the actions sit within existing work that the Ministry and Waka Kotahi have underway. ^{s 18(d)}

- Coordination across critical infrastructure sectors is also a key challenge. Resource and capacity challenges have limited work being progressed in this area, but this is now a busy space with several strategic work programmes underway that will lead to work at the operational level.
- The Ministry, in consultation with the National Emergency Management Agency, the Ministry for Business, Innovation and Employment, the Ministry for the Environment and others, are exploring how policy options to enhance transport (and other) infrastructure resilience can be progressed through existing work programmes, including the NAP.

Recommendations

We recommend you:

- 1 **agree** the five proposed transport actions for inclusion in the NAP Yes / No
- 2 **note** public consultation on the draft NAP is planned for Q2 of 2022, subject to Cabinet approval in March 2022.



 Ewan Delany
Manager, Environment, Emissions & Adaptation
 1 / 2 / 22

 Hon Michael Wood
Minister of Transport
 / /

- Minister's office to complete:**
- Approved Declined
 - Seen by Minister Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Ewan Delany, Manager, Environment, Emissions & Adaptation	s 9(2)(a)	✓
Joanna Pohatu, Principal Advisor, Environment, Emissions & Adaptation		
Michelle Palmer, Graduate Advisor, Environment, Emissions & Adaptation		

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NATIONAL ADAPTATION PLAN ACTIONS FOR CONSIDERATION

Climate change poses risks to the transport system

- 1 In August 2020, the Government released the first National Climate Change Risk Assessment (NCCRA). The NCCRA highlighted risks covering all aspects of life from our ecosystems and communities to buildings and the financial system.
- 2 The NCCRA highlighted that climate change will pose significant physical risk to our transport system including to our ports, linear transport networks, airports, and associated infrastructure due to extreme weather events, ongoing sea-level rise, landslides, and coastal erosion. Annex 1 highlights the key priority risks for transport.

The National Adaptation Plan (NAP) will support our ability to adapt to these risks¹

- 3 The Government is developing its response to the risks identified in the NCCRA (including the transport risks), through the preparation of the NAP. The NAP will support Aotearoa to adapt to the effects of climate change and includes actions for the next six years.
- 4 Aotearoa will repeat this cycle of publishing risk assessments and NAPs every six years. The Climate Change Commission (the Commission) will report on the implementation of the NAP and its effectiveness every two years, following its publication.

An effective adaptation response requires a coordinated effort

- 5 The actions required to address our climate risks span all portfolios and parts of society. As such, the NAP has been developed as an all-of-government plan. The Ministry for the Environment (MfE) are leading the overall NAP work programme. Lead agencies are overseeing the development of outcome-based action plans.
- 6 The NAP has been developed through engagement with iwi/Māori as well as local government and other key stakeholders. Public consultation on the draft NAP is planned for Q2 of 2022, subject to Cabinet approval in March 2022.

Cabinet has taken in-principle decisions on the strategic direction for the NAP

7

s 18(d)

8

¹ Under the Climate Change Response Act (CCRA) 2002 Aotearoa must produce both emissions reduction plans and a National Adaptation Plan (NAP) to address climate change impacts. These requirements were legislated in late 2019.

9

s 18(d)

The Ministry and Waka Kotahi have identified five transport actions for inclusion in the NAP

- 10 The transport actions for the NAP link into Te Manatū Waka the Ministry of Transport's (the Ministry) and Waka Kotahi NZ Transport Agency's (Waka Kotahi) existing work programmes, such as the proposed emissions reduction plan. A short description of each action area is provided. Since these are existing work areas, no decisions are required on them.
- 11 Each of these actions will build on the direction of the current Government Policy Statement on land transport (GPS).

s 18(d)

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s 18(d)

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The Ministry is also tasked with exploring options to improve transport (and other) infrastructure resilience

26 In March 2021, the Department of Prime Minister and Cabinet directed the Ministry to lead the development of New Zealand's first National Risk Profile for transport infrastructure resilience. This National Risk Profile was developed with engagement from the transport sector and identified sector risks and vulnerabilities. In November 2021, the Ministry reported to the Hazard Risk Board² (HRB) on a series of mitigation measures to address these risks, targeted at increasing resilience, accessibility, and connectivity of transport in Aotearoa.

27 s 9(2)(ba)(i)

28



Next steps for the NAP

29 In early 2022, Ministers will consider the strategic narrative for the NAP, and sequenced actions.

30 We seek your confirmation that you agree with the actions identified in your portfolio so we can finalise the draft sequencing of actions for the draft outline NAP prior to that discussion.

31 Public consultation on the draft NAP is planned for Q2 of 2022, subject to Cabinet approval in March 2022. It is a statutory requirement to deliver the NAP by August 2022.

² The HRB is lead through the Officials' Committee for Domestic and External Security Coordination.

ANNEX 1 – KEY PRIORITY TRANSPORT RISKS IDENTIFIED IN THE NATIONAL CLIMATE CHANGE RISK ASSESSMENT (NCCRA)

Built Environment Priority Risks	Urgency*	Consequence**
B5 Risks to ports and associated infrastructure, due to extreme weather events and ongoing sea-level rise	70	Major
B6 Risks to linear transport networks, due to changes in temperature, extreme weather events and ongoing sea-level rise	60	Extreme
B7 Risks to airports, due to changes in temperature, wind, extreme weather events and ongoing sea-level rise	55	Extreme
Economy Priority Risks	Urgency*	Consequence**
E7 Risks to businesses and public organisations from supply chain and distribution network disruptions, due to extreme weather events and ongoing, gradual changes	68	Major

**Urgency ratings*

The NCCRA assessed the urgency of taking action to address each risk (the 'adaptation urgency'), to determine the degree to which further action is recommended in the next six years. The urgency ratings in this NCCRA range from 44 to 94 and are based on several factors, particularly whether an adequate response is underway or planned.

***Consequence ratings*

Priority risks have extreme or major consequence ratings in at least one of three assessment timeframes (now, by 2050, by 2100). Consequence ratings reflect the degree to which the assets and values in each domain are exposed and vulnerable to climate hazards. The consequence ratings are insignificant, minor, moderate, major, or extreme.

s 18(d)

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24 February 2022

OC220094

Hon Michael Wood

Action required by:

Minister of Transport

Wednesday, 2 March 2022

COVID-19- MAINTAINING INTERNATIONAL AIR CONNECTIVITY (MIAC) SCHEME EXIT STRATEGY - SPEAKING NOTES FOR CABINET ECONOMIC DEVELOPMENT COMMITTEE ON 2 MARCH 2022

Purpose

Provide you with speaking notes for the paper *Maintaining International Air Connectivity (MIAC) Scheme Exit Strategy*, which is to be considered at Cabinet Economic Development Committee (DEV) on 2 March 2022.

Key points

- The MIAC scheme has been operating since 1 May 2021, replacing the International Airfreight Capacity (IAFC) scheme that operated from April 2020 to April 2021. The MIAC maintains freight connections to key markets, enables essential passenger movements, and supports international airlines to keep flying to New Zealand. Its goal is to ensure New Zealand remains connected to the world and positioned for recovery. The MIAC currently supports nine carriers to 23 international destinations. These contracts expire on 31 March 2022.
- Since 1 May 2021, the MIAC has supported over 3,500 flights and carried over 84,000 tonnes of cargo, worth over \$6.7b. In addition to the freight connectivity enabled by the MIAC, more than 105,000 people have returned to New Zealand on MIAC and IAFC support flights since May 2020 (48% of all returnees).
- As we move towards the reopening of our international border, Cabinet asked you to prepare an exit strategy for the MIAC to align to the passenger traveller scenarios prepared for the Border Executive Board (BEB) and the Reconnecting New Zealanders strategy. [DEV-21-MIN-0186 refers].
- The Reconnecting New Zealanders strategy has set out a timeframe for re-opening the border, but uncertainty about the return of passenger demand remains. [s 9\(2\)\(g\)\(i\)](#)

Even when self-isolation has been removed, tourist recovery will take some time as tourists typically book 9-12 months ahead of travel. [s 6\(a\)](#)

- Some Ministers may be aware of a proposal to remove self-isolation requirements from 12 March 2022 (implementation date for step 2) and bring forward some groups of travellers into step 3. This proposal is expected considered by Cabinet on 7 March.
- In light of this proposal, there may be questions about the need to extend MIAC if self-isolation requirements are removed. We have provided speaking points highlighting the need to continue to support air connectivity as passenger travel recovers. As we have seen elsewhere in the world, it will take time for demand for travel to increase.
- The Cabinet paper recommends a conditions-focussed approach as the best way for exiting the MIAC scheme. This approach will enable MIAC support to be progressively withdrawn from airlines as passengers return under the Reconnecting New Zealanders strategy using existing contractual mechanisms and active monitoring by the Ministry. It minimises the risk of airfreight capacity shortages, while being able to exit MIAC support early as passenger travel conditions improve.
- The Cabinet paper also provides an alternative option that withdraws support on a predetermined basis when current forecasts of passenger numbers indicate that it should be possible to do so. s 6(a)

[REDACTED] s 9(2)(g)(i)

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Recommendations

We recommend you:

- 1 **note** the attached speaking notes for the paper *Maintaining International Air Connectivity (MIAC) Scheme Exit Strategy* at Cabinet Economic Development Committee on 2 March 2022.



Jessica Ranger
Manager COVID-19 Policy and Delivery
25 / 02 / 2022

Hon Michael Wood
Minister of Transport
..... / /

- Minister's office to complete:**
- Approved
 - Declined
 - Seen by Minister
 - Not seen by Minister
 - Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Jessica Ranger	s 9(2)(a)	✓
Brent Lewers	s 9(2)(a)	
Hayden Berkers	s 9(2)(a)	



Cabinet Committee Background Information and Talking Points

Cabinet Committee: *Cabinet Economic Development Committee (DEV)*

Subject: *Cabinet Paper –Maintaining International Air Connectivity (MIAC) scheme exit strategy*

Portfolio: *Transport*

Background Information:

- In March 2021, Cabinet agreed to establish the Maintaining International Air Connectivity (MIAC) [DEV-21-MIN-0028 refers]. This scheme replaced the International Airfreight Capacity (IAFC) scheme established in March 2020 [CAB-20-MIN-0131 refers].
- Initial MIAC contracts with carriers started on 1 May 2021 following an open-market, competitive procurement process. In October 2021, these contracts were extended to 31 March 2022 [DEV-21-MIN-0186 refers]. At present, nine carriers are supported under MIAC flying to 23 international destinations. This equates to about 50% of New Zealand's international services. These contracts are set to expire on 31 March 2022.
- The Reconnecting New Zealanders strategy has set out a timeframe for re-opening the border, but uncertainty about passenger demand remains due to self-isolation requirements. Other considerations include potential of new variants and decisions by other countries relating to opening their border.
- The MIAC needs an exit strategy that secures a minimum level of air connectivity as passenger demand grows and changes in the coming months. A minimum level of connectivity is critical to ensure New Zealand businesses can get their goods to market, and the importing of medicines/health supplies and critical business parts can continue.

Talking Points:

The Maintaining International Air Connectivity scheme has achieved its objectives to date, but must be balanced against other obligations

- Analysis by my officials shows the current level of international flight services available for New Zealand is around 10-20% of pre-COVID-19 levels. This includes MIAC flights, which represent approximately half of all international flight capacity, and commercial flights operated outside the scheme.
- The Government has provided s 9(2)(b)(ii) in MIAC support between May and December 2021, with an estimated additional s 9(2)(b)(ii) spent through to 31 March 2022 when the current MIAC contracts expire.
- MIAC has been highly successful as an intervention. By the end of 2021, it had:
 - supported over 3,500 flights
 - carried over 84,000 tonnes of cargo
 - along with IAFC flights, enabled around 105,000 people returned to New Zealand – representing about half of all those passing through MIQ.
 - provided significant benefits to Pacific partners from the support of flights into Pacific destinations, including the ability to maintain key supply chain links and connection with New Zealand.
- MIAC has been worth over \$6.7 billion – around 30 times the value of the amount spent under the scheme to date.
- It is critical that we continue to provide a minimum level of connectivity for a wide range of reasons including:
 - reducing freight capacity shortages
 - ensuring positive impacts on freight rates
 - maintaining links for aviation and tourism sectors to recover
 - s 6(a) in the Pacific by ensuring connectivity with our neighbours; and
 - supporting New Zealanders' expectations that reasonably priced air travel is available for family reunifications and critical business purposes, as well as readily available later for the return of movement for wellbeing.

s 9(2)(g)(i)

- However, providing this minimum level of capacity through MIAC must be balanced against public sector obligations such as:
 - the fiscal cost and risk
 - s 6(a)
 - market adaptation delays.

- Fundamentally, the MIAC scheme is in place to enable a critical minimum capacity for the airfreight market in the absence of commercially provided capacity. I fully expect as more commercial capacity becomes available; the amount of MIAC support required will decrease to the point it is no longer required.

Key considerations for an exit strategy

- I have considered three key factors when determining the best way to exit MIAC – the state of the airfreight market, the need for a recovery in passenger travel, and existing mechanisms within the MIAC scheme.

The airfreight market for New Zealand is at risk

- The airfreight market is particularly challenging for New Zealand now. There is a high demand for aircrafts to fly to other countries with open borders, as well as a lack of staff due to self-isolation requirements.
- United Airlines, American Airways, and Air Canada have exited New Zealand routes entirely, with Cathay Pacific recently suspending New Zealand operations for three months, and Emirates operating reduced services. s 9(2)(b)(ii)
- s 9(2)(g)(i)
Airlines have noted difficulty undertaking long term planning, particularly when self-isolation requirements for arriving passengers are in place.

Passenger recovery is critical for maintaining and improving airfreight connectivity

- The exit strategy for MIAC needs to consider the recovery of passenger travel to New Zealand. There are a very low number of non-passenger freighters used to carry airfreight commercially to the New Zealand market. These types of aircrafts are in short supply globally and are costly to convert.
- An additional complexity is that passenger recovery will differ significantly across markets:
 - s 9(2)(b)(ii) have indicated the requirement to self-isolate on arrival in New Zealand will be a significant determinant on overseas consumers' decisions to travel to New Zealand. This will differ by markets.
 - Foreign governments may change their own settings independently to New Zealand. This can be seen in the different approaches taken by countries such as Australia, Japan, and China to reopening their borders.
 - Passenger travel from some markets often has a seasonal lull through the New Zealand winter (particularly Asian and European markets), though seasonality is not as strong in other markets such as Australia and the Pacific.
 - There may need to be change border settings from time to time as part of the response to Omicron or new variants.
- This means it is better for MIAC decision-making to be done on a market-by-market basis – rather a single decision about all markets.

MIAC arrangements already have exit controls in place

s 9(2)(b)(ii)

I propose a conditions-based exit to support air connectivity continuation of the MIAC to March 2022

- Based on these considerations, I'm proposing a conditions-focussed exit from the MIAC scheme. This is the best way to support the rebuild of air connectivity until sufficient passengers return and airlines can operate on a purely commercial basis.

s 9(2)(b)(ii)

This extension cannot be done within the current funding

- Additional funding is required to give effect to implementing the conditions-focussed exit.
- While the expected spend is s 9(2)(b)(ii), I'm asking for s 9(2)(b)(ii) in new funding. This will ensure there is enough funding to cover the worst-case scenario where the maximum amount of support is required through to the backstop date of 31 March 2023. Factors such as whether passenger t ave returns faster or slower will impact the cost, as will the timing of any changes to self-isolation requirements.
- Any excess funding will be returned to the centre and not be reprioritised for alternative aviation related matters.

I'm also proposing to continue support to the Pacific

s 6(a)

Back pocket responses to potential questions

Will an extension still be needed if the proposed removal of self-isolation on 12 March takes place?

- Yes. While removing self-isolation requirements will accelerate the return of passengers and our ability to exit MIAC, commercial capacity will not necessarily increase to required level on all routes immediately. This is because:
 - Airlines may take some time to schedule aircraft.
 - Passengers may still take some time to return. [s 9\(2\)\(b\)\(ii\)](#) advises international tourists who see New Zealand as ‘the trip of a lifetime’ typically book 9 – 12 months ahead of travel.

[s 6\(a\)](#)



Will we be stuck subsidising airfreight forever?

- No. The back-stop date means no support will be provided beyond 31 March 2023, unless there is another drastic unforeseen event which changes the basis for decision-making. The Ministry already has exits built into its funding agreements to end support as passenger travel increases

Why is the funding request so high when passenger recovery is expected soon?

- Funding for the MIAC contracts needs to be able to accommodate the ‘worst-case’ scenario where the maximum amount of support is required over the full period. This is an unlikely case, and officials expect that the total spend under the MIAC exit to be substantially less than the funding request [s 9\(2\)\(b\)\(ii\)](#). The remaining funding will be returned to the centre

Are we locked into providing support even after passenger travel resumes?

- No. The Ministry already has exits built into its funding agreements to end support if passenger travel reaches a sufficient level. I’ve instructed officials to closely monitor airlines performance and report back to my office on any developments.

What if passengers return from some countries faster than others?

- MIAC can already accommodate this country-by-country approach. As soon as a route has enough passengers on it to make it commercially viable – our support stops. Support on other routes can continue until the MIAC’s backstop date (31 March 2023). A good example is that MIAC support stopped just for Australia when the trans-Tasman bubble was open.

s 9(2)(b)(ii)

What does the reopening of international travel in North America and Europe mean for the MIAC?

- Airlines are commercial entities. They will make rational, commercial decisions about where to deploy their limited resources. s 9(2)(g)(i)

We've already seen this with the exit of United Airlines and Air Canada.

s 9(2)(g)(i)

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Back pocket alternative option – settings-based approach

- There is a variation on the conditions-focussed exit – a ‘settings-based’ exit.

s 9(2)(b)(ii)

s 9(2)(g)(i)

- This approach could be clearly communicated to the market and likely to be easily understood.

s 9(2)(g)(i)

- The trade-off inherent in this variation is between additional certainty around exit timing, and the additional complexity required to deliver this.