

OC240295

16 April 2024

Irene

fyi-request-26181-f1ecc7ed@requests.fyi.org.nz

Tēnā koe Irene,

I refer to your email dated 20 March 2024, requesting the following briefing papers under the Official Information Act 1982 (the Act):

- *“OC230930 — Time of Use Charging and Tolling Design Choices*
- *Auckland Airport Summer Peak Operational Performance*
- *OC231147 — Meeting with Air New Zealand*
- *OC231018 — Approval to Renew the New Zealand - Mexico Air Transport Agreement*
- *OC240064 — Airport Regulation*
- *OC240032 — Ministry Work Programme Priorities: Further Information”.*

I am withholding one briefing and releasing five briefings with some information withheld or refused. The document schedule at Annex 1 details how the briefings have been treated.

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)(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 |

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

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

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

Nāku noa, nā



Hilary Penman
Manager, Accountability & Correspondence

Annex 1 - Document Schedule

| Doc# | Reference | Document | Decision on release |
|------|-----------|---|---|
| 1 | OC230930 | Time of Use Charging and Tolling Design Choices | <p>Withheld under Section 9(2)(f)(iv).</p> <p>There is some related information already in the public domain which can be found at these links:</p> <p>https://www.national.org.nz/national_act_and_new_zealand_first_to_deliver_for_all_new_zealanders</p> <p>https://ouraukland.aucklandcouncil.govt.nz/news/2023/11/auckland-council-endorses-joint-team-to-explore-time-of-use-charging-in-tamaki-makaurau/</p> <p>https://www.legislation.govt.nz/act/public/2003/0118/latest/DLM226230.html</p> <p>https://www.legislation.govt.nz/act/public/1974/0066/latest/DLM415532.html?src=qs</p> <p>https://www.legislation.govt.nz/act/public/1998/0110/latest/DLM433613.html?src=qs</p> <p>https://www.nzta.govt.nz/assets/resources/annual-report-nzta/2022-23/waka-kotahi-annual-report-2022-23.pdf (Page 136 refers)</p> |
| 2 | n/a | Auckland Airport Summer Peak Operational Performance | Released in full. |
| 3 | OC231147 | Meeting with Air New Zealand | Released with some information withheld under Sections 9(2)(a), 9(2)(b)(ii),9(2)(ba)(i) and 9(2)(f)(iv). |
| 4 | OC231018 | Approval to Renew the New Zealand – Mexico Air Transportation Agreement | Released with some information withheld under Sections 6(a) and 9(2)(a). |
| 5 | OC240064 | Airport Regulation | Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv) and one paragraph refused under Section 18(d). |
| 6 | OC240032 | Ministry Work Programme Priorities: Further Information | Released with some information withheld under Sections 9(2)(a) and 9(2)(f)(iv). |

Te Tuhinga | Memorandum

To Hon Simeon Brown, Minister of Transport

From Audrey Sonerson, Secretary of Transport

Date 19 January 2024

Auckland Airport summer peak operational performance

On 19 December, border agencies, including the Ministry of Transport, met with Ministers responsible for the Border to provide assurance on the summer peak. Auckland Airport and the agencies have been working together since May 2023 on crowding and queuing problems. Agencies also collate a specific, cross-agency, summer operational plan. A key goal of this work is to improve passenger facilitation and ensure a positive passenger experience for travellers.

Auckland Airport has reached out to acknowledge the collaboration and effort that has been put in by government agencies, alongside Auckland Airport, airlines and ground handlers, to prepare for the summer season.

Auckland Airport have advised that so far across December and January to date, the system has performed very well and significantly better than October and November. It has reduced the 95th percentile, or the 5 percent of travellers who queue the longest, by around 20 percent for arrivals and departures over the peak period. Attached for your interest is more detail contained within Auckland Airports performance summary.

We will continue to work with Auckland Airport in 2024. Our focus for this year includes the *Regulatory Airport Spatial Undertakings* (RASU) process. This process will be crucial to the future passenger experience and queue times by ensuring agencies have the space they need to do their job efficiently and effectively.



Audrey Sonerson (she / her / Ms)

Hēkeretari o te Manatū Waka | Secretary for Transport
Te Manatū Waka | Ministry of Transport

24 January 2024

OC231147

Hon Simeon Brown
Minister of Transport

MEETING WITH AIR NEW ZEALAND

Snapshot

You requested a meeting with Air New Zealand's Chief Executive, which will provide an opportunity to canvass a range of issues of interest to the government and the airline. As this is your first meeting as Minister with Mr Foran, and with no set agenda, we have covered a wider range of topics than normal.

| | |
|----------------------------|---|
| Time and date | 9.30am to 10.30am, Friday 26 January 2024 |
| Venue | Auckland Policy Office, 45 Queen Street, Auckland |
| Attendees | Greg Foran, Chief Executive Sam Barry, Government Affairs Manager |
| Officials attending | Karen Lyons (Director Auckland) and/or David Wood (Deputy Chief Executive, Investment and Monitoring) |
| Agenda | No specific agenda |
| Talking points | Talking points are attached |

Contacts

| Name | Telephone | First contact |
|--|-----------|---------------|
| Richard Cross, Acting Deputy Chief Executive, Regulatory Group | s 9(2)(a) | ✓ |
| Sonya van de Geer, Principal Adviser, Aviation and Maritime | | |
| Ken Hopper, Senior Licensing Adviser, Aviation and Maritime | | |

Meeting with Air New Zealand

Financial information

- 1 In August 2023, Air New Zealand announced its financial and performance results for the 2023 financial year. Some highlights:
 - earnings before taxation of \$574 million (compared to a \$810 million loss in the previous financial year)
 - operating revenue of \$6.3 billion (compared to \$2.7 billion in the previous financial year)
 - domestic capacity at 94 percent of pre-Covid levels
 - international capacity at 71 percent of pre-Covid levels
 - more than \$3.5 billion in aircraft investment through to 2028.
- 2 In 2023, Air New Zealand carried more than 10.6 million passengers on domestic flights (9.4 million in 2022), and more than 5.3 million passengers on its international services (2.9 million in 2022).

Airport investment and pricing

- 3 Airport infrastructure investment, and the prices that follow, have been a long-standing cause for dispute between airlines and airports.

Current regime

- 4 Since 2010, Auckland, Wellington and Christchurch airports have been subject to information disclosure regulation under Part 4 of the Commerce Act 1986 (which regulates markets where there is little or no competition).
- 5 The Commerce Commission (the Commission) undertakes reporting and monitoring under the Commerce Act, and the Minister of Commerce is the responsible Minister.
- 6 Information disclosure is the lightest form of regulation under Part 4. Airports must disclose a range of information annually and at each five-yearly price-setting event. The Commission reports on the disclosed information but it does not have the power to compel airports to change their prices.
- 7 Following the first round of price setting under the new regime in 2012, the Commission initially concluded that information disclosure was only effective for Auckland International Airport. However, Wellington and Christchurch airports subsequently made amendments meaning that all three largely met the Commission's expectations.
- 8 In 2019, Auckland Airport announced that it would reduce prices charged to airlines for price setting event 3 (PSE3) by \$33 million, following the Commission's initial finding that it was targeting excessive prices.

- 9 Subsequent pricing changes, and thus the Commission's reporting on them, have been heavily impacted by the impacts of the COVID pandemic on the aviation industry.

2017 review

- 10 The Ministry of Business, Innovation and Employment (MBIE) undertook a review of the regime, which reported to Cabinet in 2017. The review concluded that the regime was largely working as intended, but some changes were made to clarify the sort of reporting that the Commission can undertake and to simplify the process for moving to more heavy-handed regulation.

Civil Aviation Act changes

- 11 The Civil Aviation Act 1990 provides that, following consultation, airports may set prices "as they see fit". The new Civil Aviation Act 2023 retains the requirement to consult, and the statutory right to set prices, but removes the reference to "as they see fit".

Auckland Airport development plans

- 12 In March 2023, Auckland Airport announced a \$3.9 billion development plan. This investment subsequently fed into announcements of price increases.
- 13 Airlines argued that the announcement ignored or cut off the consultation process, and that lower cost and better phased development options for development are available. Airlines also argued that the proposals were excessive in order to increase the Airport's asset base and thus the return that it could make, particularly in a higher interest rate environment.
- 14 The airport argued that the developments were essential to provide the level of service passengers required both now and as passenger numbers grow. Airports also argued that their charges make up a relatively small proportion of the fare a passenger pays.

Negotiate/Arbitrate regulation

- 15 Airlines have long argued for a move to negotiate/arbitrate regulation which is the next step up the regulatory ladder in the Commerce Act. Airports would be required to negotiate with airlines on prices and quality, and, if negotiation was unsuccessful, to enter into binding arbitration.
- 16 Airlines argue that the current regime is not working to constrain prices, and with a focus on whether the airports are making excessive profits, it does not adequately address other outcomes sought under the Commerce Act relating to incentives to invest and improving efficiency.
- 17 The Commerce Act regime applies to "aeronautical services". Non-aeronautical services such as car parks and retail facilities are not currently included. Airlines argue that this should also change so that commercial returns are invested back into aeronautical assets.

- 18 The process for changing the regulatory type is set out in some detail in the Commerce Act. In short, the Commerce Commission undertakes an inquiry (either on its own initiative or if required to do so by the Minister of Commerce) into how to regulate airports and then makes a recommendation to the Minister. If the Minister of Commerce decides to recommend further regulation an Order in Council may be made.
- 19 As things currently stand, a move to negotiate/arbitrate would have to apply to all three major airports (Auckland, Wellington and Christchurch). If issues were only identified with one airport, this could mean that a move to negotiate/arbitrate might not meet the statutory test that the benefits of regulation must materially exceed the costs of regulation.

Environmental matters

New Zealand's Aviation Emissions

- 20 In 2019, domestic aviation was 5.2 percent of all transport emissions, and international aviation 19.9 percent of all transport emissions. Combined, aviation emissions make up 5.9 percent of New Zealand's total emissions.
- 21 Currently, New Zealand's 2050 target includes emissions from domestic shipping and domestic aviation (which are covered by the Paris Agreement). However, it currently excludes emissions from international shipping and aviation.
- 22 Under legislation, the Climate Commission is required to review whether the 2050 target should be amended to include emissions from international shipping and aviation – and if so, how the target should be amended. The legislated deadline is that this be provided to the Minister of Climate Change by 31 December 2024.

Sustainable Aviation Fuels (SAF) Feasibility Study

- 23 In June 2023, following a detailed evaluation process, Air New Zealand in partnership with the New Zealand Government, announced it would proceed to the second phase of a detailed feasibility study considering the viability of domestically produced SAF.
- 24 The second phase of the study began late 2023. It is being carried out by LanzaJet and Fulcrum BioEnergy. They are considering the viability of SAF production in New Zealand using woody biomass and municipal solid waste as feedstocks respectively.
- 25 Air New Zealand and MBIE have a Memorandum of Understanding regarding the development of an industry for SAF. The airline will commit research and development funding in excess of \$1.5 million to the studies (with the funding being provided in the 2024 financial year) and the MBIE tourism portfolio have committed to co-funding \$0.5 million.

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

Sustainable Aviation Aotearoa (SAA)

- 31 SAA was established in 2022, as a public-private partnership (akin the to the UK's Jet Zero Council), to provide advice and coordination to accelerate the decarbonisation of New Zealand's aviation sector.
- 32 Along with the Minister for Science, Research and Innovation, you are one of the endorsing Ministers for SAA (as the Minister for Transport and Minister for Energy).
- 33 Air New Zealand sits on the SAA Leadership group, co-chairs the SAF Working Group, and sits on the Strategy Working Group.
- 34 At the last SAA leadership group meeting, in July 2023, members agreed that producing an updated State Action Plan for New Zealand, for the International Civil Aviation Organisation (ICAO), to establish a long-term strategy on climate change for the international aviation sector, would be a key focus of SAA's work in 2023.
- 35 MOT will shortly be sending out invitations for the next SAA Leadership Group meeting which will take place late February or early March 2024. The next working group meetings will most likely take place in that same period.

Jet fuel resilience

- 36 Jet fuel supply has been raised both by airports, the Board of Airline Representatives New Zealand (BARNZ) and Air New Zealand.
- 37 In September 2017, the pipeline that carries jet fuel from Marsden Point to Auckland ruptured with no alternative route that could supply jet fuel quickly enough to meet normal jet fuel demand. Airlines, including Air New Zealand, flying out of Auckland Airport had to limit their use of jet fuel to 30 percent of their usual usage, which caused significant flight disruptions.

- 38 There were further disruptions to jet fuel supply at Auckland Airport in December 2022 and Wellington Airport in April and December 2023. These were caused by jet fuel imports that did not meet fuel quality standards when tested on arrival. A significant number of flights were affected during the two Auckland Airport incidents, while there were minimal disruptions to flight schedules during the Wellington Airport incidents.
- 39 MBIE is the lead agency for the fuel sector. MBIE led the development of the Fuel Industry (Improving Fuel Resilience) Amendment Act 2023 (the Act), which provides for the minimum fuel stockholding obligation (MSO), and is consulting with the aviation sector and fuel industry on the draft regulations on the information disclosure requirements associated with the MSO this month.
- 40 From 1 January 2025, fuel importers will be required to hold enough jet fuel in New Zealand to provide 24 days of cover on average each month. For compliance with this obligation, they can only count jet fuel stock in bulk storage tanks in New Zealand or on a vessel in New Zealand's Exclusive Economic Zone scheduled for delivery to New Zealand.
- 41 The aviation sector supports the introduction of the MSO but generally would like to have more stringent stockholding requirements. In their joint paper, *Six Actions to Accelerate Aotearoa's Aviation-enabled Future*, the NZ Airports Association and BARNZ suggested that the minimum stockholding requirement for jet fuel should be 32 days of cover.
- 42 The Act provides for a regulation-making power to introduce different stockholding levels for different engine fuels at different locations or for different periods. Auckland Airport advocates for the Government to exercise this power to require a minimum of 12 days of usable jet fuel to be stored nearby at Wiri.

43 s 9(2)(ba)(i)



- 44 MBIE is currently leading the refresh of the National Fuel Plan, which provides the framework for fuel emergency management and planning. The refresh will ensure the new Plan reflects the current liquid transport fuel resilience infrastructure and response activities. In particular, the new Plan is expected to provide clearer direction on the approach to managing aviation fuel supply disruptions.

Aviation security stewardship and AvSec queuing issues at Auckland Airport

- 45 Air New Zealand is a member of the Aviation Security Stewardship Group (SSG) – led by the Civil Aviation Authority (CAA). The purpose of the SSG is to collaborate on ways to improve the effectiveness and efficiency of the aviation security system. This group has also been working on addressing the 'unacceptable queues' issue relating to widely reported delays for aviation screening, particularly at Auckland Airport (MOT is also engaged in this work).

- 46 The SSG also involves BARNZ, the Airports Association, Customs Brokers and Freight Forwarders Federation, the CAA and MOT, and is expected to deliver benefits to the system over time.
- 47 On 19 December, border agencies, including MOT, met with Ministers responsible for the Border to provide assurance on the summer peak. Auckland Airport and the agencies have been working together since May 2023 on crowding and queueing problems.
- 48 Agencies also collate a specific, cross-agency, summer operational plan. A key goal of this work is to improve passenger facilitation and ensure a positive passenger experience for travellers. Auckland Airport has reached out to acknowledge the collaboration and effort that has been put in by government agencies, alongside Auckland Airport, airlines and ground handlers, to prepare for the summer season.
- 49 Auckland Airport have advised that so far across December and January to date, the system has performed very well and significantly better than in October and November. It has reduced the 95th percentile, or the 5 percent of travellers who queue the longest, by around 20 percent for arrivals and departures over the peak period.

Civil Aviation Act 2023

- 50 The Civil Aviation Act 2023 received Royal assent on 5 April 2023, and will come into force on 5 April 2025.
- 51 For operators in the system, nothing changes until April 2025. They will continue to operate as they currently do, under the Civil Aviation Act 1990 and Airport Authorities Act 1966, while the implementation work is underway.
- 52 MOT and the CAA are working closely together to implement the Act and we will continue to engage with Air New Zealand as this progresses.
- 53 Implementing the new Act requires remaking the current Civil Aviation Rules to align with the 2023 Act. This is a significant job for MOT and the CAA, but for operators, the remade rules will generally remain the same in intent and impact.
- 54 Officials will be engaging with Air New Zealand on several new systems brought in by the new Act, including:
- independent reviews of the Director of Civil Aviation's decisions;
 - delivering our international commitments under the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSA); and
 - updated processes for airline alliance agreements and international airline licensing.
- 55 We will also liaise with you to progress work on rules to support the new Act's drug and alcohol management requirements. We anticipate these new rules will undergo public consultation, led by the CAA, in the first half of this year.

CAA funding review

- 56 The impact of the pandemic on revenue for both the airline industry and the CAA (including AvSec) coincided with an increase in cost pressures which has left the CAA reliant on Crown funding to bridge the gap between its activity-driven levies, fees and charges on participants in the aviation system and its costs. Current rates for the CAA regulatory functions were set in 2017 and for the Aviation Security Service in 2019.
- 57 Cumulative inflation and additional regulatory activity mean that even as passenger volumes recover to pre-COVID levels, s 9(2)(f)(iv)

58 s 9(2)(f)(iv)

59 s 9(2)(f)(iv)

Aviation Council

- 60 The Air Navigation System Review, which was undertaken last year, identified a lack of system leadership and recommended among other things that an Aviation Council be established. The previous Minister of Transport agreed that an Interim Aviation Council be established to assist with developing a National Policy Statement and develop terms of reference for a permanent council. Key stakeholders, including Mr Foran, have been invited to participate.
- 61 We will update you periodically following meetings of the Interim Council.

International air services

- 62 Further to new inter-governmental arrangements concluded with India in August 2023, Air New Zealand now has the ability to code-share¹ to the important traffic-generating market of New Delhi with its preferred partner Singapore Airlines. Previously, Air New Zealand was restricted to code-sharing with Air India, an option it

¹ Code-sharing is a marketing tool that enables an airline to sell tickets under its flight designator, e.g., NZ for Air New Zealand, on flights operated by another airline.

chose not to exercise. Air New Zealand has code-shared, for a number of years, to six other destinations in India on services operated by Singapore Airlines.

- 63 Air New Zealand makes use of the international air rights for which the Ministry has the lead responsibility in negotiating. Which routes to operate, and with how much capacity, are commercial decisions for the airline. As an important element in New Zealand's international connectivity, Air New Zealand's plans are of wide interest.
- 64 For example, whether it is contemplating additional services to China, where it currently operates a daily service to Shanghai. (New Zealand airlines have the right to operate 70 passenger services per week to China, and Chinese airlines have the right to operate 70 passenger services per week to New Zealand.) Also, whether it might restart the services to Buenos Aires it ended with the onset of the pandemic. Currently, there is a lack of competition in this market with Chile's LATAM providing the only direct air service between New Zealand and South America.

Commonwealth Heads of Government Meeting (CHOGM)

- 65 Samoa is hosting CHOGM in October 2024. This will likely see an unprecedented number of flights to/from Samoa at that time, which may temporarily impact Air New Zealand's operations there.
- 66 The Ministry of Foreign Affairs and Trade is leading New Zealand's collaborative approach with Samoa in the lead-up to CHOGM in consultation with a number of New Zealand agencies, including MOT. Air New Zealand is also included and is keen to have early indications of any adjustments it may have to make to its Auckland – Apia services.

Airline alliances

Air New Zealand and Singapore Airlines alliance

- 67 Air New Zealand and Singapore Airlines have applied for reauthorisation of their airline alliance, which was first authorised in 2014 and re-authorised in 2018. The current authorisation expires on 28 March 2024. The airlines have asked for a decision well in advance of this date, as the decision influences business planning.
- 68 We provided you with initial advice in December 2023. We are finalising our analysis and will be ready to provide the Associate Minister of Transport with final recommendations by 9 February 2024.

Air New Zealand and Virgin Australia code-sharing agreement

- 69 Air New Zealand and Virgin Australia have applied for authorisation to give effect to a new code-share agreement. We have invited submissions from interested parties due by 1 February 2024. We have begun our analysis and expect to provide recommendations by early May 2024.
- 70 An application has also been made to the Australian Competition & Consumer Commission (ACCC). Australia is operating to an April 2024 timetable and, unlike

New Zealand, can issue an interim authorisation pending a final determination. We will closely monitor any progress or determination by the ACCC.

Air New Zealand and Cathay Pacific alliance

- 71 Air New Zealand's alliance authorisation with Cathay Pacific expires on 31 October 2024. We encourage early engagement with officials by the airlines ahead of applying for reauthorisation.

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Biographies



Greg Foran, Chief Executive Officer

Greg started as CEO of Air New Zealand in February 2020. He is a member of the China Business Council.

He joined the airline from Walmart U.S where he was CEO from 2014 to 2019. He was responsible for the strategic direction and performance of the company's 4,600 stores and more than 1 million staff.

He joined Walmart International in 2011 and served in several capacities, including President and CEO of Walmart China. Prior to joining Walmart International he held several senior positions with Woolworths.

He has attended Advanced Management Programs at Harvard University and the University of Virginia. He also holds a Diploma in Management from the New Zealand Institute of Management.

Sam Barry, Government Affairs Manager

Sam has held his current role since July 2023. He has previously worked at the Ministry of Foreign Affairs and Trade, with postings in Brasilia and Seoul.

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ANNEX 1: TALKING POINTS – MEETING WITH AIR NEW ZEALAND

Airport Investment and Charging

- What do you think Auckland Airport's future investment programme should look like?
- Why do you think the benefits of moving to a negotiate/arbitrate regime for airports would exceed the costs of regulation?

Airports

- How is Air New Zealand's relationship generally with the various New Zealand airports at which you operate?

Sustainable aviation fuels

- I am interested in hearing your views on means of promoting the development of sustainable aviation fuels.

Jet fuel resilience

- Do you have any views on possible measures to increase local jet fuel resilience?

Civil Aviation Act 2023

- I am grateful for your support for the Civil Aviation Act 2023, including Air New Zealand's submission to the Transport and Infrastructure Committee.
- My officials have begun engaging with your organisation and others in the aviation sector to ensure that we transition to the new regime effectively and efficiently. I expect officials to continue to engage with you this year as implementation of the 2023 Act progresses.
- While some new systems and rules will need to be introduced to reflect the new Act, officials will remain focused on keeping the fundamentals of the system in place to ensure safety and business continuity in the sector.

International operations

- Is Air New Zealand intending to increase its frequency of services to China?
- Is Air New Zealand considering resuming services to Buenos Aires, or starting services to another point in South America?

Airline alliances

- I have delegated responsibility for airline alliances and air services agreements to the Associate Minister of Transport.
- *(If asked about reauthorisation of the Singapore Airlines strategic alliance agreement ...)* Officials are expected to submit final recommendations in early February 2024.
- *(If asked about authorisation of the Virgin Australia code sharing agreement...)* Officials are working toward providing recommendations in late April or early May 2024.



24 January 2024

OC231018

Rt Hon Winston Peters
Minister of Foreign Affairs

Action required by:
Friday, 9 February 2024

Hon Matt Doocey
Associate Minister of Transport

Action required by:
Friday, 9 February 2024

APPROVAL TO RENEW THE NEW ZEALAND – MEXICO AIR TRANSPORTATION AGREEMENT

Purpose

We propose that Ministers approve the renewal of New Zealand's Air Transportation Agreement with Mexico.

Key points

- New Zealand's Air Transportation Agreement with Mexico will expire unless it is renewed effective 3 March 2024.
- Air New Zealand uses the Agreement to offer code-share services between New Zealand and Mexico.
- Cabinet has previously agreed that this Agreement can be renewed without the need to seek further Cabinet approval.
- Once approved, the renewal will be done by way of an exchange of diplomatic notes through the New Zealand Embassy in Mexico City.
- There are no financial or regulatory implications arising from this proposal.

Recommendations

We recommend you:

- 1 **note** that the *Air Transportation Agreement between the Government of the United Mexican States and the Government of New Zealand* (the "Air Transportation Agreement"), signed on 14 May 1999 in Mexico City, is due to expire on 2 March 2024; Yes / No
- 2 **approve** the renewal of the Air Transportation Agreement for a further three years, effective 3 March 2024; Yes / No
- 3 **note** that renewal will be given effect to through an exchange of diplomatic notes with Mexico, subject to a separate decision by the Minister of Foreign Affairs that the Agreement is not a 'major bilateral treaty of particular significance' and therefore not subject to the Parliamentary Treaty Examination process in accordance with Standing Order 405; Yes / No



Victoria Hallum
for Secretary of Foreign Affairs

Bronwyn Turley
Deputy Chief Executive, Regulatory Group

Rt Hon Winston Peters
Minister of Foreign Affairs

Hon Matt Doocey
Associate Minister of Transport

Date: / / 2024

Date: / / 2024

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 |
|--|-----------|---------------|
| Bronwyn Turley, Deputy Chief Executive, System & Regulatory Design | s 9(2)(a) | ✓ |
| Tom Forster, Manager, Aviation & Maritime | | |
| Lauryn Sinclair, Treaty Officer, General International Law Team, Ministry of Foreign Affairs and Trade | | |
| Luke Roughton, Lead Adviser, General International Law Team, Ministry of Foreign Affairs and Trade | | |

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RENEWAL OF THE NEW ZEALAND – MEXICO AIR TRANSPORTATION AGREEMENT

Background

- 1 In April 1999, Cabinet authorised the signature of the *Air Transportation Agreement between the Government of the United Mexican States and the Government of New Zealand* (the “Air Transportation Agreement”). Among other things, the Air Transportation Agreement provides for route flexibility and no limits on capacity for services between the two countries.
- 2 The Air Transportation Agreement was signed on 14 May 1999 and entered into force on 3 March 2000. Article 20 of the Air Transportation Agreement provides for it to be renewed every three years through an exchange of diplomatic notes. The requirement for a three-year term was at the insistence of Mexico, and this is New Zealand’s only air services agreement with such a provision.
- 3 The Air Transportation Agreement was last renewed in 2021. It is due to expire on 2 March 2024.

Comment

- 4 The code-share services provide passengers between New Zealand and Mexico with more seamless travel options than would be the case if they switched between different airline systems. Accordingly, it is in the public interest that the Air Transportation Agreement be renewed for a further three years.
- 5 Air New Zealand has long used the Agreement to offer code-share services in the New Zealand – Mexico market on flights operated by its Star Alliance partner United Airlines. No Mexican airline offers flights under the Air Transportation Agreement.
- 6 The Mexican authorities have confirmed their intention to renew the Air Transportation Agreement.
- 7 The text of a proposed exchange of notes to renew the Air Transportation Agreement is attached to this paper in Annex I. The exchange of notes, which would be between the New Zealand Embassy in Mexico City and the Mexican authorities, would renew the Air Transportation Agreement from 3 March 2024.

Three-Yearly Renewal Provision

8

s 6(a)

If the Air Transportation Agreement is Not Renewed, New Zealand Will Regress

- 9 Renewing the Air Transportation Agreement with Mexico is important for maintaining our air services relationship. The Agreement supports the growth of trade, tourism, and cultural exchanges between New Zealand and Mexico, as well as providing more options and lower fares for travellers. If the Agreement expires on 2 March 2024, Air New Zealand's code-share services to Mexico would become reliant on a non-treaty-level instrument negotiated in 1999.
- 10 Without renewal, Mexico would be New Zealand's only APEC partner with which we did not have an air services agreement, which would be a regrettable development.

Procedure for Renewing the Air Transportation Agreement

- 11 Treaty renewals would normally require Cabinet approval, but Cabinet agreed in 2014 that it was not required to approve subsequent renewals of this Air Transportation Agreement (CAB Min (14) 26/5 refers). This is because of the routine administrative nature of the renewal, and the fact that this occurs early in the year following a general election and therefore at a time when other issues are likely to have a higher Cabinet priority. Decisions to renew this Agreement since 2014 have been made by the Ministers of Transport and Foreign Affairs.
- 12 If you agree to renew the Air Transportation Agreement, officials will give effect to this through an exchange of notes with the Mexican authorities, subject to a separate decision by the Minister of Foreign Affairs that the renewal is not a "major bilateral treaty of particular significance" under Standing Order 405, and therefore not subject to Parliamentary Treaty Examination.

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ANNEX 1

Diplomatic Notes for ExchangeInitiating Note

The New Zealand Embassy presents its compliments to the Ministry of Foreign Affairs and has the honour to refer to the *Air Transportation Agreement between the Government of New Zealand and the Government of the United Mexican States*, signed in Mexico City on 14 May 1999 ("the Agreement").

As the current period of the Agreement is due to expire on 2 March 2024, the New Zealand Embassy has the honour to propose, in accordance with Article 20 of the Agreement, that the Agreement be renewed for an additional period of three years.

If the foregoing is acceptable to the Government of the United Mexican States, the New Zealand Embassy has the honour to propose that this Note together with the Ministry's confirmatory Note in reply shall constitute an agreement between our two Governments for a renewal of the Agreement for an additional period of three years, which will enter into force on 3 March 2024.

The New Zealand Embassy takes this opportunity to renew to the Ministry of Foreign Affairs the assurances of its highest consideration.

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Note in reply

The Ministry of Foreign Affairs – Legal Adviser Office - presents its compliments to the Embassy of New Zealand and refers to its note [Number XX] of [Date], which has the following text:

“The New Zealand Embassy presents its compliments to the Ministry of Foreign Affairs and has the honour to refer to the Air Transportation Agreement between the Government of New Zealand and the Government of the United Mexican States, signed in Mexico City on 14 May 1999 (“the Agreement”).

As the current period of the Agreement is due to expire on 2 March 2024, the New Zealand Embassy has the honour to propose, in accordance with Article 20 of the Agreement, that the Agreement be renewed for an additional period of three years.

If the foregoing is acceptable to the Government of the United Mexican States, the New Zealand Embassy has the honour to propose that this Note together with the Ministry’s confirmatory Note in reply shall constitute an agreement between our two Governments for a renewal of the Agreement for an additional period of three (3) years, which will enter into force on 3 March 2024.”

The Ministry of Foreign Affairs has the pleasure to confirm to the Embassy that the proposal is acceptable to the Government of the United Mexican States and, therefore, that the Embassy’s Note together with this Note constitute an agreement between our two Governments for a renewal of the Agreement for an additional period of three (3) years, which will enter into force on 3 March 2024.

The Ministry of Foreign Affairs takes this opportunity to renew to the Embassy of New Zealand the assurances of its highest consideration.

31 January 2024

OC240064

Hon Simeon Brown
Minister of Transport

Action required by:
Wednesday, 7 February 2024

AIRPORT REGULATION

Purpose

To respond to your request for additional information about the pros and cons of a negotiate/arbitrate regime for airports or a Commerce Commission market study.

Key points

- Economic regulation of Auckland, Wellington and Christchurch airports is undertaken by the Commerce Commission (the Commission) pursuant to the Commerce Act 1986 (Commerce Act). The Minister of Commerce, Hon Andrew Bayley, is the responsible Minister.
- The Commission considers that to date the regulated airports have been responsive to the Commission's review conclusions.
- However, airlines consider that Auckland International Airport is overinvesting in infrastructure and that the regulatory regime is not adequately addressing this.
- The Commerce Act sets out a process for moving up the regulatory ladder to a negotiate/arbitrate regime following an inquiry initiated by the Minister of Commerce or the Commission on its own initiative.
- Any investigation of the impacts of negotiate/arbitrate would need to look at a number of impacts, including whether or not it would:
 - lead to the sort of commercial negotiation behaviour that would be seen in a competitive market;
 - produce cost savings that would be passed on to consumers;
 - be cost effective.

Recommendations

We recommend you:

- 1 **note** the contents of this briefing
- 2 **forward** a copy of this briefing to the Minister of Commerce

Yes / No



Bronwyn Turley
Deputy Chief Executive, Regulatory Group
 31 January 2024

Hon Simeon Brown
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 |
|---|-----------|---------------|
| Bronwyn Turley, Deputy Chief Executive, Regulatory Group | s 9(2)(a) | ✓ |
| Sonya van de Geer, Principal Adviser, Aviation and Maritime | | |

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AIRPORT REGULATION

Airlines consider that Auckland Airport's forward investment plan shows the Commerce Act regulatory regime is not effective

Air New Zealand has raised issues with you regarding the regulation of Auckland Airport

- 1 On 26 January 2024 you meet with Greg Foran, Chief Executive Officer of Air New Zealand.
- 2 Mr Foran explained to you that Air New Zealand considers that Auckland International Airport's capital expenditure programme is excessive. Air New Zealand (and other airlines) consider that a change to the regulatory regime for airports is necessary.
- 3 You have asked for additional information on negotiate/arbitrate regulation, and on the potential for a market study into airports.
- 4 Mr Foran discussed the Commerce Commission review of Auckland Airport's pricing with you. That review is at a relatively early stage (submissions on the process for the review closed on 31 January 2024) and is due to be completed by September 2024.

Auckland, Wellington and Christchurch Airports are regulated under the Commerce Act

- 5 Since 2010, Auckland, Wellington and Christchurch airports have been subject to information disclosure regulation under Part 4 of the Commerce Act 1986 (which regulates markets where there is little or no competition).
- 6 The Commerce Commission (the Commission) undertakes reporting and monitoring under the Commerce Act, and the Minister of Commerce is the responsible Minister.
- 7 Information disclosure is the lightest form of regulation under Part 4. Airports must disclose a range of information annually and at each five-yearly price-setting event. The Commission reports on the disclosed information but it does not have the power to compel airports to change their prices.
- 8 On 25 January 2024, in the context of publishing its final report on Christchurch International Airport Limited's 2022 – 2027 price setting event, the Commission noted that *"to date, the airports have been responsive to the Commission's review conclusions. For example, in 2019 Auckland Airport reduced its charges by \$33 million following the Commission's review of its third price setting event."*

9 s 18(d)



10

s 9(2)(f)(iv)

Auckland Airport has extensive development plans

- 11 In March 2023, Auckland Airport announced a \$3.9 billion development plan. This investment subsequently fed into announcements of price increases.
- 12 Airlines argued that the announcement ignored or cut off the consultation process, and that lower cost and better phased development options for development are available. Airlines also argued that the proposals were excessive in order to increase the Airport's asset base and thus the return that it could make, particularly in a higher interest rate environment.
- 13 The airport argued that the developments were essential to provide the level of service passengers required both now and as passenger numbers grow. Airports also argue that their charges make up a relatively small proportion of the fare a passenger pays (Auckland airport estimates its charges make up about three to five percent of an airfare).
- 14 Airlines have long argued for a move to negotiate/arbitrate regulation. Airports would be required to negotiate with airlines on prices and quality, and, if negotiation was unsuccessful, to enter into binding arbitration.

Any investigation of negotiate/arbitrate would need to examine a number of impacts

- 15 The outcomes achieved through a negotiate/arbitrate regime could be highly dependent on specific design elements of the regime.
- 16 The initial thoughts below draw on various submissions over the years by airports and airlines, and the 2019 report of the Australian Productivity Commission inquiry into airport regulation (noting the different market and regulatory environment that inquiry was looking into). The sort of matters that would need to be considered before changing the type of regulation include whether it would actually lead to commercial or near commercial outcomes, whether any savings will be passed on to consumers, and whether the benefits of regulation outweigh the costs of regulation.
- 17 There are differences between the New Zealand and Australian markets and regulatory systems. Any investigation into applying negotiate/arbitrate would need to determine whether and to what extent the concerns expressed by the Australian Productivity Commission would apply in the New Zealand market.

It is unclear how negotiate/arbitrate would affect commercial dynamics

- 18 Mr Foran suggested to you that the current system of consultation (as required by the Civil Aviation Act 1990 and the new Civil Aviation Act 2023) does not deliver optimal outcomes. Airports argue that current consultation process is sufficient given the nature of the airport business.
- 19 Airlines argue that the best way to achieve outcomes closer to what would occur in a workably competitive market is through commercial agreements between airlines and airports. Commercial agreements would deliver more innovative, flexible, and certain terms than those they view currently as set unilaterally by airports.
- 20 Air New Zealand has argued that negotiate/arbitrate regulation would deliver commercial outcomes.
- 21 When looking at how negotiate/arbitrate would work in an Australian context, the Australian Productivity Commission was sceptical about whether such regulation would deliver commercial outcomes. The Productivity Commission concluded that airport operators and airport users would negotiate 'in the shadow' of arbitration, with the outcomes of negotiations based on assumptions about the arbitrator's potential decisions rather than the negotiating parties' commercial incentives.
- 22 The Australian Productivity Commission was concerned that an arbitrator could re-evaluate the value of assets and the revenue that airports can earn from them. They were concerned that airport operators would reduce the level of investment in airport infrastructure unless they are compensated for this extra risk through higher up-front charges or guaranteed future revenues.
- 23 The Australian Productivity Commission was also concerned that unrestricted access to arbitration would create opportunities for incumbent airlines to engage in anti-competitive conduct, such as using arbitration over a common-user facility to reduce the ability of other airlines to compete.
- 24 The Australian Productivity Commission considered there is imbalance in an airport-specific negotiate/arbitrate regime as a result of the mobility of airline capital and the immobility of airport capital. If the airport is not satisfied with an arbitrated outcome, it has no choice — it must provide services at the arbitrated price. An airline that is not satisfied with an arbitrated outcome could change (even at the margin) parts of its operations, including its aircraft types and schedules.
- 25 Airlines would contest this conclusion given long lead in times for planning services and aircraft orders. In particular it may be difficult for an airline to substantially change services at their hub airports given the restrictions imposed by international Air Services Agreements.
- 26 The Australian Productivity Commission considered that the link between arbitration and consumer benefits is tenuous given the nature of the market. As outlined above they were concerned that arbitration could reduce competition. There was also a risk of underinvestment which could lead to congestion.

There are varying views as to whether consumers will benefit

- 27 Some analysts have taken the view that the market for airport services has elements of a bilateral monopoly (Air New Zealand has 86% of the domestic market and is the largest international carrier) and that changing the nature of airport regulation would merely represent a wealth transfer from airport shareholders to airline shareholders.
- 28 Airlines strongly contest this line of argument. They contend that unlike the airport sector which has monopoly characteristics, airlines are highly competitive and that any savings would quickly be passed on to passengers.

As it stands negotiate/arbitrate would need to apply to all three regulated airports

- 29 Currently, the Commerce Act requires all three regulated airports to be subject to the same type of regulation.
- 30 If issues were only identified with one airport, a decision to move to negotiate/arbitrate would impose more heavy-handed regulation than necessary on airports where the current information disclosure regime is working.

31 s 9(2)(f)(iv)

There would be costs associated with arbitration

- 32 We do not have a recent estimate of the cost of an arbitration process, neither do we have information on how the cost of arbitration alongside ongoing Commerce Commission involvement (for example, in setting input methodologies) would compare to the current system.
- 33 In deciding which type of regulation to impose the Commission must consider what would be the most cost effective type of regulation in the circumstances. Given the multi billion dollar size of the investments at issue, expenditure may be proportionate to the benefits of more effective regulation.

A market study would not be the appropriate avenue for investigating the airport regulatory regime

- 34 You have asked for information about whether a market study under the Commerce Act might be an appropriate mechanism for identifying and addressing issues in the airport sector. Our view, supported by officials at MBIE, is that it would not be.
- 35 A market study, referred to as a “competition study” in Part 3A of the Commerce Act, is a study of factors that may prevent competition from working well in a market. The ability to carry out market studies was added to the Commission’s functions in 2018.
- 36 The Commission has completed studies into competition in the markets for residential building supplies, retail grocery and retail fuel. It is currently looking at personal banking services.

- 37 In the case of Auckland, Wellington, and Christchurch International Airports, they are already declared to be regulated under Part 4. This represents a recognition that there is little or no competition, and little or no likelihood of a substantial increase in competition. Market studies were not designed for this situation.
- 38 As set out below, the Commission already has the separate ability to conduct inquiries into sectors regulated under Part 4 of the Commerce Act, such as airports.

There is an existing, expedited mechanism in the Commerce Act to hold an investigation and potentially move to negotiate/arbitrate

- 39 The Commerce Act provides that an inquiry on whether to impose additional regulation may be initiated either by the Commission on its own initiative or by the Minister of Commerce.
- 40 As part of any inquiry the Commission must assess the benefits of imposing different types of regulation in meeting the purpose of Part 4 of the Act against the costs of imposing those types of regulation.
- 41 In considering any recommendation from the Commission the Minister of Commerce must consult the relevant sector Minister (in the case of airports, you as Minister of Transport).
- 42 Additional regulation could then be imposed by Order in Council.

We consulted MBIE in the preparation of this briefing

- 43 The Ministry of Business, Innovation and Employment was consulted on the contents of this briefing.
- 44 We recommend that you forward a copy of this briefing to the Minister of Commerce. You may also wish to discuss the issue of airport regulation with him. He is meeting Mr Foran on 9 February 2024.

Te Tuhinga | Memorandum

To Hon Simeon Brown, Minister of Transport

From Brent Johnston, Chief of Staff

Date 1 February 2024

Reference OC240032

Ministry Work Programme Priorities: Further Information

Purpose

- 1 To respond to your request for further information on certain items on the Ministry's list of work programme priorities, that was originally provided to you on 12 January 2024. In most instances, you have sought information on specific projects. These are outlined for your information in part 1 below.
- 2 You have also sought advice on how to bring a number of work programmes together ^{s 9(2)(f)(iv)}

Part 1: Further information on work items

Legislative work for digitising transport

- 3 NZTA has a work programme underway to set up the initial digital architecture and software required to enable a wider range of digital services. ^{s 9(2)(f)(iv)}

NZTA estimate the savings from the app at around \$27m through reduced administration costs and increased compliance (compared with total estimated development costs of \$20.75m over 5 years).

- 4 NZTA is also exploring work on a digital driver licence that would be accessed through the App. Funding for this project has not been committed at this time.
- 5 No changes to legislation are required for initial functionality through the NZTA App. However, changes would be needed to ensure NZTA can move forward with further enhancements to the app and the digital driver licence. ^{s 9(2)(f)(iv)}

Progress the Regulatory System (Transport) Amendment Bill Two (RSTA2)

- 6 The RSTA2 is an omnibus bill with approximately 30 amendments in land and maritime transport. Generally, the amendments are non-controversial, with the objective being to progress them quickly to make necessary changes to legislation.
- 7 The intent of this package is to reduce the regulatory burden on businesses and the public, lower costs for regulators, enable regulators to do their job better, and reduce the risk of regulatory failure. The value of these benefits has not been quantified.
- 8 The full list of proposed amendments is attached as Appendix 1.
- 9 ^{s 9(2)(f)(iv)}
- 10 Policy decisions have been taken on all matters by the previous government. We will brief you in more detail on the full set of proposals, to seek your direction on which proposals you wish to proceed with prior to Bill drafting.
- 11 The timing for progressing these changes depends on prioritisation within the 2024 legislative programme. You will be receiving our advice on prioritisation in the week ending 9 February. ^{s 9(2)(f)(iv)}

Motorcycle Licensing Review

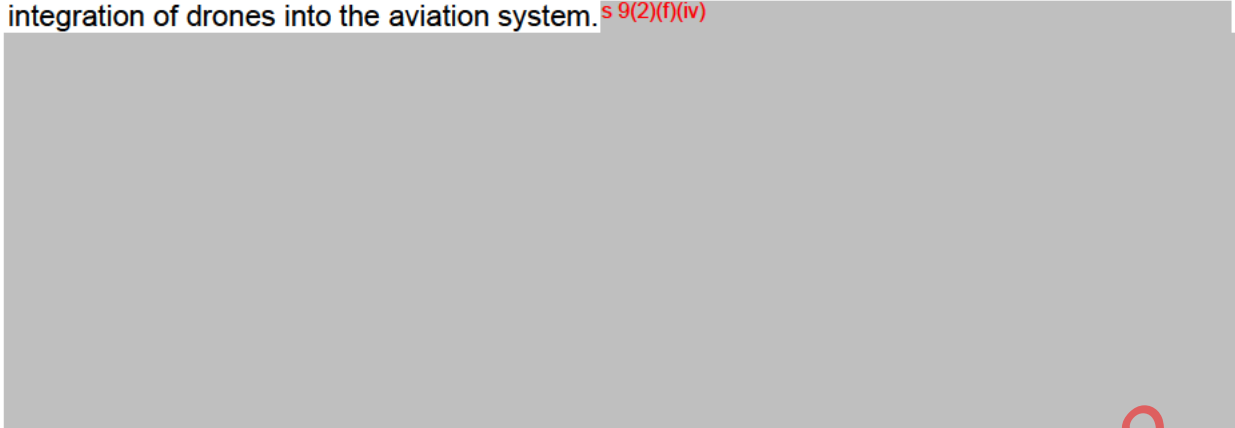
- 12 There are around 130,000 active motorcyclists on New Zealand's roads. While this accounts for approximately three percent of all road users, motorcyclists account for 20 percent of people killed and seriously injured on our roads, with novice riders being overrepresented.
- 13 A review of the motorcycle licencing regime was included in the 2020 Road to Zero Action Plan. A key objective was to consider whether competency-based training assessments should be mandated or play a larger role within the motorcycle licensing system. This would include looking at motorcycle licensing systems in other jurisdictions, including Australia.
- 14 Work on this review has not been prioritised as part of previous Road to Zero work and no resources are currently committed to the project. We recommend that the priority to progress this review is considered against other priorities, as part of confirming your road safety objectives and priorities.

Enabling Drone Integration

- 15 The Enabling Drone Integration package will improve the regulatory framework for drones as a building block for supporting autonomous operations. This will improve safety and enable more complex drone operations in the future. It will position New Zealand to realise the potential value of the drone sector – estimated at up to \$7.9 billion over the next 25 years.¹ It will also contribute to the Government's space and advanced aviation policy agenda, as outlined in the National Party's Unleashing New Horizons policy.

¹ [Drones Benefit Study](#) (2019) Prepared by Market Economics Consulting for the Ministry of Transport and MBIE.

- 16 The proposed package involves changes to Civil Aviation Rules that will support the integration of drones into the aviation system. ^{s 9(2)(f)(iv)}



- 17 Following public consultation in 2021 we prepared a Cabinet paper seeking agreement to this package, ^{s 9(2)(f)(iv)} his has yet to be considered.
- 18 We will brief you on the substance of the proposals and potential next steps by March 2024.

International Passenger Arrivals Forecasts

- 19 The Ministry prepares regular forecasts of international passenger arrivals through air and sea pathways. These forecasts provide a consistent basis for operational planning, investment decision-making and performance monitoring by a range of agencies, including Customs, MPI, MBIE, Health, CAA, airports and industry stakeholders in the tourism sector.
- 20 Two forecast releases are planned for 2024 - in June and December.

National Transport Model – Project Monty

- 21 The Ministry is developing New Zealand's first national scale strategic transport model (named Project Monty). The project will significantly improve the Ministry's ability to analyse and develop future transport scenarios, investments and policy interventions.
- 22 The model provides information at the individual level, enabling granular analysis of population characteristics and the implications of changes in land use and regional council planning – e.g. when fully operational it will be able to simulate likely travel time improvements from new roads or changes to existing roads (such as reductions in road works). This allows the Ministry to test changes in transport-related policy and infrastructure investments, and better understand how individuals may choose to use the transport system. This is especially useful in modelling the impacts of variable charging (time or location) options that will be considered as part of work on the revenue system.
- 23 The project is in the final six months of a planned three-year development phase. Development is progressing well, with very positive early-stage validation. We are aiming to finalise version 1.0 of the model by May 2024. We would welcome the opportunity to provide you with a presentation of the model, including a demonstration of how the outputs can inform your decision making.

^{s 9(2)(f)(iv)}

Household Travel Survey

- 24 The New Zealand Household Travel Survey is a nationally representative survey of New Zealanders' travel since 1989, used by government agencies, councils, and researchers. The survey has been continuously run since 2003 and is released annually online.
- 25 It is a crucial part of building our understanding of how New Zealanders choose to use the transport system on a day-to-day basis, which is not available through other data. The results provide a picture of travel patterns and choices, which is vital for developing transport policy that provides people with a range of choices to meet their needs.
- 26 The survey is run by market research firm Ipsos and surveys 1,600 households per year. NZTA has a separate contract with Ipsos to expand the survey to an additional 4,000 households per year. The Ministry analyses data from both the original dataset and the expansion.
- 27 The survey is used by central government agencies, councils, and researchers. For the Ministry, it informs policy development, provides outcomes measures for the GPS and annual report, and it is a key source of input data for the Ministry's national transport model – Monty.
- 28 The survey is used extensively by NZTA for a range of reporting activities and programmes of work, including the annual monitoring of key urban growth areas. Local councils use the data to validate their regional land transport models to understand local transport challenges and solutions.

Transport costs and charges annual research programme

- 29 This programme advances our understanding of how the provision and use of different modes (and, to the extent possible, types of users or vehicles) within the domestic transport system:
- a impose economic, social and environmental costs; and
 - b to what extent those costs are 'met' through charges paid by users.
- 30 The findings were first presented in the Domestic Transport Costs and Charges (DTCC) Study, which was completed in mid-2023.
- 31 The annual research programme addresses remaining data or methodological limitations to ensure our evidence base continues to be fit for purpose. One project is currently underway – a survey on heavy vehicle operation. This is due to be completed in April 2024.

Part 2: ^{s 9(2)(f)(iv)} to fees and charges

- 32 There are a range of financial penalties in land transport regulations that have not been updated for some time. This includes, for example, parking penalties and road safety infringement fees ^{s 9(2)(f)(iv)}
- 33 We plan to provide a full briefing to you in February on the proposed scope and timing of this package. In advance of this, we have set out background on two component parts below.

^{s 9(2)(f)(iv)}

s 9(2)(f)(iv)



37 The towage and storage sector are facing significant challenges. Police and local government are dependent on commercial towage and storage operators to collect and store vehicles. s 9(2)(f)(iv)

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Brent Johnston

Tumuaki o ngā Kaimahi | Chief of Staff
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Full list of proposed changes through RSTA2

s 9(2)(f)(iv)

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