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For Environment Committee

Department of Infrastructure, Transport, Regional Development, Communications & the Arts.

### **Submission on the Spatial Planning Bill – Air New Zealand**

1 Air New Zealand welcomes the opportunity to submit on the Aviation White Paper (**the White Paper**) Terms of Reference (**ToR**). This submission supports those provided by Airlines For Australia & New Zealand (A4ANZ) and Bioenergy Australia on behalf of the Sustainable Aviation Fuel Alliance Australia and New Zealand (SAFAANZ).

1.1 Air New Zealand is New Zealand’s largest domestic and international airline, providing both passenger and cargo transport services. It currently services 30 international ports across Australia, the Pacific Islands, North America and Asia. In FY22, it flew more than 8 million passengers, and carried tonnes of New Zealand exports around the globe and domestically. Pre-COVID in FY19, Air New Zealand flew more than 17 million passengers and New Zealand was the most popular outbound travel destination for Australians, with 1.5 million visitors arriving, accounting for 40% of all international visitors to New Zealand. Similarly, Australia was the most popular destination for New Zealand travellers, with 1.4 million visitors from New Zealand – approximately 15% of total visitors to Australia.

1.2 Aviation is therefore critical to the connectivity of Australia and New Zealand’s Single Economic Market (both between us and to the world). It is vital to the basic functioning of Australia and New Zealand’s economy, as the global pandemic made clear - with policy support on both sides of the Tasman necessary to maintain trans-Tasman connectivity while borders were closed.

Aviation is also necessary for exporters to distribute high-value goods to the rest of the world and to import the critical goods and services needed to keep the economy running. It ensures that people can continue to connect with family abroad, and it is fundamental to the ongoing success of Australasia’s world-class tourism proposition.

- 1.3 While keeping the region connected, Air New Zealand is committed to playing its part in the global response to the climate crisis. Our central contribution to that response is the reduction of carbon emissions across our operation, with the goal of reaching net zero emissions by 2050. An interim 2030 science-based carbon reduction target is in place to guide Air New Zealand and hold us to account. Sustainable aviation fuel and next generation aircraft - powered by electricity and green hydrogen will also be critical technologies for reducing our carbon emissions.
- 1.4 Supporting the development of, and transition to, these technologies is not, however, something that the aviation sector can accomplish alone. It will require co-ordination across multiple sectors and will be a journey that must be shared with both the Australian and New Zealand Governments and other stakeholders across the economy. This is particularly important as Australia looks to meet the commitment made at the 41st ICAO Assembly to a long-term global aspirational goal (LTAG) for international aviation of net-zero carbon emissions by 2050.

### **Commentary on ToR**

- 2 Air New Zealand supports the Australian Government’s long-term focus on aviation policy and planning, which comes at a critical time for the sector as it recovers from the impact of the COVID-19 pandemic. At a high-level we support the ToR but note the importance of taking a regional aviation approach to the White Paper given the regional interdependency of the Australian, New Zealand and Pacific aviation systems through passenger movements, airport linkages, fuel security, strategic interests and a shared commitment to decarbonisation. A regional approach will be key to improving the competitiveness and resilience of aviation connectivity in our region. We set out specific commentary on the proposed ToR below with this regional approach top of mind:

- 2.1 *Aviation’s role in economic development, trade and the visitor economy – general, domestic, regional and international aviation;* The development of the Aviation White Paper coincides

with the 40th anniversary of the Australia–New Zealand Closer Economic Relations Trade Agreement (CER). The CER Agreement is one of the most comprehensive bilateral free trade agreements, facilitating the free movement of people, goods, and services across the Tasman. Ensuring the White Paper is focused on regional alignment with New Zealand and the Pacific both in the regulation of airlines and airports can set a consistent framework to improve the efficiency of flying to our region and build trust between respective border agencies to introduce efficiencies and jointly manage risks. Australia and New Zealand, through CER, have committed to creating a seamless trans-Tasman economic environment, it follows that governments should also explore the creation of a seamless trans-Tasman travel experience. The broader industry has long been discussing a more streamlined trans-Tasman travel experience, with the proposal for a “domestic-like” experience being championed by airlines, airports, the Australia New Zealand Leadership Forum (ANZLF), the International Air Transport Association (IATA), and the Tourism & Transport Forum (TTF), for more than a decade. Many of these groups have undertaken work on what a seamless trans-Tasman travel experience could look like with many efficiencies to be gained - evolving biometric technology for example could enable increased automation of border controls that will allow for a more seamless and secure passenger journey, reducing overall travel times, processing cost, and adding speed to passenger movement through airports. Australian airports are already testing biometric technology with airlines - a consideration could be to prioritise the trans-Tasman route for this technology given the long-held trust between border agencies and the deep economic ties between both countries.

- 2.2 *How to maximise the aviation sector’s contribution to achieving net zero carbon emissions including through sustainable aviation fuel and emerging technologies;* On this reference point Air New Zealand supports Bioenergy Australia’s Submission on behalf of the Sustainable Aviation Fuel Alliance Australia and New Zealand (SAFAANZ) that sets out how to fast-track the development and uptake of SAF in the region. Air New Zealand would also like to emphasise the importance of the proposed Australian Jet Zero Council working closely with industry to ensure a strong and sustainable aviation sector that supports emissions reduction targets on the path to net zero by 2050. It is important that the Council works cooperatively with New Zealand’s equivalent public private body Sustainable Aviation Aotearoa – including those working groups focused on the provision of Sustainable Aviation Fuels and next generation aircraft. Again, the White Paper should take a regional approach to developing a market for Sustainable Aviation Fuels including consistent application and consideration of incentives, affordability measures,

robust sustainability criteria and potentially mandates. Air New Zealand are pleased to see the CSIRO focus on the key challenge of efficiently sourcing sustainable feedstocks for SAF production and consider SAF feedstock availability and production potential in the APAC region, with a primary focus on Australia and New Zealand. Facilitating early trans-Tasman dialogue on this feedstock challenge is strongly encouraged.

- 2.3 *Changing aviation technologies and ways to position our policies, regulations and systems to encourage uptake and manufacturing of new, more efficient, transport technologies;* As outlined above, utilising technologies to improve the passenger experience and introduce efficiencies where possible is strongly encouraged. Trialling new technologies on the Trans-Tasman will be key to introducing cross border systems that can be rolled out globally. The role of air cargo and the infrastructure and systems needed to respond to significant growth in forecast demand for air cargo in the coming years should also be taken into account under this reference point. The acceleration and adoption of air cargo technology, including supporting IATA's E-freight initiative which aims to build an end-to-end paperless transportation process for air cargo through a regulatory framework, electronic messages and high data quality will be important - as well as addressing security and safety.
- 2.4 *Airport development planning processes and consultation mechanisms that consider the impact and changing nature of aircraft noise and related expectations on the role of noise sharing and noise mitigation;* On this reference point Air New Zealand would support a much broader analysis of airport development planning processes and consultation mechanisms including a key focus on improving efficiency and competitiveness. We support the relevant points made in the submission of A4ANZ on these issues. Airports are natural monopolies, and, as acknowledged by the ACCC, the way in which they are regulated has allowed them to prioritise economic return for shareholders and their own commercial interests over planning for and investment in critical airport infrastructure for the long-term benefit of all of Australia and the wider economy. Under the current settings, such decisions are not required to account for strategic national policy considerations, including how they might best support the effective, integrated operation of the air transport network as a whole. A more regionally focussed, strategic approach to airport planning processes would help realise the considerable productivity benefits associated with an efficient air network, including improved economic growth, supply chain efficiency and resilience. In this context, it is key to note the

interdependence of the regional aviation sector – for example capacity constraints at Australia’s key hub airports impact the broader Pacific and New Zealand network as they provide no opportunity to hold departures when travel sectors are faster due to weather, this then requires destination airports to invest, construct and provide additional capacity to accommodate early arrivals from Australia’s hub airports.

2.5 *How to support and regenerate Australia’s general aviation sector;* As the White Paper Terms of Reference recognise, the aviation sector comprises a wide range of actors. Just as diverse are the policy areas that impact aviation and the portfolio responsibilities for those within the Commonwealth Governments. For example, the aviation sector is affected by legislation concerning aviation security (Home Affairs), airport regulation (Treasury), biosecurity (Agriculture & Health), workforce and skills (Employment & Workplace Relations), sustainable aviation fuels (the Department, and Climate Change, Energy, the Environment and Water), just to list a few. As per commentary in the A4ANZ Submission this piecemeal approach makes it challenging to run an airline in Australia and difficult to plan for the future with inconsistent policy outcomes. We are hopeful that one of the outputs of this White Paper is a more streamlined long-term approach to aviation policy, through a comprehensive and coherent framework that improves aviation governance and industry consultation.

2.6 Air New Zealand would be grateful for the opportunity to participate in any roundtable discussions to speak to this Submission and is happy to answer any questions in advance of that.



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