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Tēnā koe Tracey

## **Airways' Service Framework Consultation; Cross Submissions**

1. Rotorua Regional Airport Limited's (**RRAL**) submission Airways' *Proposed Revised Airways Service Framework*, dated May 2021 (**the Proposal**) focused on:
  - (a) Safety being the paramount consideration in any change to air navigation services;
  - (b) Ensuring the aviation system and delivery of air navigation services is made fit for purpose, fair and equal for all participants;
  - (c) Recognition being given to regional airports as critical infrastructure and the need for them to be funded and managed in a sustainable manner to ensure they continue to deliver economic benefit to the provinces;
  - (d) The need for an independent assessment or stakeholder review being carried out before the Proposal progresses further.
2. It was heartening to see that the majority of submitters have similar concerns, priorities and views. No better example of this is the consensus on safety and ensuring that any proposed change does not erode participants' ability to operate safely *and* efficiently.

### *Government lead review necessary*

3. In our view, the overarching concern of submitters is that at this time the Proposal is ill considered, inappropriate and contains inadequate information.
4. Except for three submitters,<sup>1</sup> every other organisation indicated an expectation that the Proposal be suspended in order for a first principles government review to be undertaken, or industry workshops to be held. RRAL supports this submission. Its preference is for an independent review, undertaken by Ministry of Transport, or another independent party.

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<sup>1</sup> Kapiti Airport, CAA and Nigel Fitzhardinge.

<sup>2</sup> Auckland International Airport, NZ Airports Assn, Rotorua Airport, Aviation NZ, Christchurch Airport,

## *Competition and contestability*

5. Most participants share our view that while competition may be favourable and may lead to efficiencies, the current model and regulations do not allow alternative ANS providers in the market.
6. As a consequence of the effective monopoly, many disputed the justification that ATC services should be contestable and can distinguished from base or statutory monopoly services.<sup>2</sup> These barriers to entry for competitors must be removed by Airways (and government) if there is to be any proper justification for the proposed distinction in services.

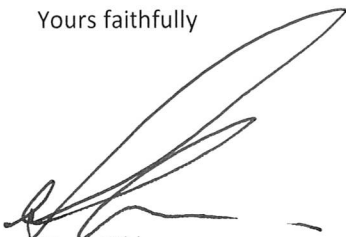
## *Efficiency and pricing concerns*

7. Many submitters are concerned that the Proposal will add structural inefficiencies and complexity to the system, particularly through direct contracting and charging of airports and separation of services. As noted in our original submission, this is a key concern of ours as well.
8. The consequence of added inefficiencies and complexity is likely to be cost to participants. We oppose changes which add costs without providing a corresponding benefit to participants. The Proposal does not appear to create any safety or additional benefits, nor cost savings. Likewise, it may impose additional challenges and costs on regional airports, which are not borne by others. Equality and fairness to achieve a safe and efficient delivery model is crucial.

## **Conclusion**

9. We trust that Airways will properly consider the submissions received. In light of the submissions, we request that:
  - (a) Airways suspend and/or terminate the Service Framework and Pricing Framework Reviews;
  - (b) Join industry participants in requesting the Ministry of Transport undertake a formal review of air navigation services.

Yours faithfully



Mark Gibb  
Chief Executive