



AIDE MEMOIRE

Meeting with Air New Zealand Chief Executive

Date:	17 November 2020	Priority:	Medium
Security classification:		Tracking number:	2021-1347

Information for Minister(s)
Hon Chris Hipkins Minister for COVID-19 Response

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Privacy of natural persons	Manager, Allocation and Supply, MIQ Policy		Privacy of natural persons	✓
Privacy of natural persons	Senior Policy Advisor, MIQ Policy		Privacy of natural persons	

The following departments/agencies have been consulted
Ministry of Transport

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



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Purpose

To provide you with supporting material and talking points for your meeting with Greg Foran, Chief Executive Officer of Air New Zealand on 17 November.

Privacy of natural persons

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Manager, Allocation and Supply
MIQ Policy, MBIE

17 November 2020

MIQ and Air New Zealand

1. The MIQ Operational branch of MBIE regularly engages with Air New Zealand¹ on managing the flow of people coming into New Zealand to ensure that the number of people arriving on any given day does not exceed MIQ capacity.
2. In the past, when there has been a sustained surge in demand, for example, and a risk of arrivals potentially overwhelming our MIQ system, we have asked Air New Zealand to voluntarily halt ticket sales for a period².
3. Between July and November 2020, these operational discussions mostly revolved around the implementation of the airline quota system, which placed a cap on the number of people that airlines, including Air New Zealand, could bring into the country.

¹ Our main point of contact at Air New Zealand is Privacy of natural persons, Senior Manager, Regulatory Affairs.

² As was the case for a month in July and more recently to help alleviate some of the pre-Christmas surge in demand for MIQ, with Air New Zealand agreeing to halt ticket sales for travel between 29 October and 3 November and 7-10 December.

4. The quota system was lifted on 3 November when the web-based Managed Isolation Allocation System (MIAS) became the main tool for managing MIQ demand and allocating people coming into New Zealand by air a place in one of our managed isolation facilities.
5. Air New Zealand originally proposed to design and operate a flow management system based on their existing booking platforms and expertise. Air New Zealand, however, made a subsequent decision in July not to be involved, for its own commercial reasons. MBIE therefore proceeded to work with another provider for the rollout of MIAS, engaging with Air New Zealand and the wider industry at key points during the MIAS development and implementation process.
6. MIAS has enabled us to more efficiently allocate travellers into MIQ and maximise usage. It has also improved our ability to forward plan and anticipate upcoming demand. However, it has reduced some scheduling flexibility for airlines.
7. Airlines are no longer able to reschedule/consolidate flights within a set quota (per fortnight). They now need to consult MIQ Operations before rescheduling any flights to ensure that we have sufficient capacity to accommodate all incoming passengers on the new proposed day for the flight, based on MIAS vouchers already allocated to travellers in the system. We need to have sufficient vouchers available in the system to be able to reissue affected travellers with a voucher.
8. Several airlines (including Air New Zealand) have recently rescheduled flights without prior consultation with MIQ (as they would have done under the previous airline quota system) and without fully considering the MIAS consequences of doing so for their customers. For example, some passengers find that the MIQ voucher they hold is no longer for the right day and as a result are now unable to rebook a place in managed isolation because there are no places available online in MIAS. This is especially frustrating for those travellers that had originally booked a place in managed isolation well in advance in order to be home in time for Christmas. Some of these travellers are now faced with the prospect of not being able to secure a spot in managed isolation until sometime in the New Year due to unprecedented demand.
9. In many cases, these impacts for customers could have been mitigated by airlines working closely with MIQ to understand when we have capacity within the MIQ system to accommodate new arrivals and to reschedule their flights accordingly.
10. While MIQ is operating at near full capacity between now and mid-January, MIQ Operations will continue to work closely with airlines to ensure current ticketing sales do not exceed capacity and that all returnees have an MIQ voucher before boarding their flight to New Zealand.
11. Additionally, in order to ensure that we are fully maximising all available MIQ capacity and in support of making good operational decisions, we will continue to work with airlines to improve our information flows on MIAS bookings. Airlines can, for example, help MIQ Operations to identify those vouchers in the system that are for cancelled flights or people no longer intending to travel. Working with the airlines we can identify these 'dead vouchers' and return these to the pool of places available online for travellers to book.

Air New Zealand currently provides Air Charter services to MIQ

12. Air New Zealand is the current provider of Air Charter services to MIQ. MIQ uses charter flights to transport MIQ guests from Auckland Airport to the Wellington and Christchurch managed isolation facilities, flying 6-8 flights per week.

13. MIQ has a positive working relationship with Air New Zealand's Charter Operations team who arrange the planes and crew for our flights, as well as ensuring that our MIQ guests are looked after while in Air New Zealand's care.

14. Commercial Information

Air New Zealand crew self-isolation arrangements

15. Air New Zealand and the Ministry of Health have an agreement whereby Air New Zealand air crew may self-isolate at home. If they are unable to do so (e.g. vulnerable people living with them) air crew³, by arrangement of the airline, self-isolate at the Commercial information (a non-government run MIQ facility).
16. MIQ have a dedicated air crew isolation facility at the M Social Hotel where other international air crew stay.

Other 'top of mind' issues for Air New Zealand and MIQ

Staff testing and welfare issues

17. Air New Zealand is mindful of the inconvenience and discomfort for its staff members who need to undergo regular testing. Some aviation system participants have been pushing for acceptance of alternatives to the nasopharyngeal swab which would go some way towards mitigating this.
18. The airline is also needing to manage welfare issues for staff facing repeated periods of self-isolation and staff who travel overseas in the course of their duties facing some hostility from their community.

Safe Travel Zones

19. The establishment of safe travel zones with low-risk countries has the potential to reduce demand for MIQ spaces as people entering New Zealand from a "safe" country will not be required to enter MIQ. Discussions are well advanced on a Trans-Tasman COVID-19 Safe Travel Zone (TTSTZ) which would allow for quarantine-free travel for anyone that has lawfully been in New Zealand or Australia for 14 days. As per current drafting, the agreement will not come into force until there are no locally acquired COVID-19 cases of unknown source for the preceding 28 days.
20. Once the TTSTZ comes into effect, Air New Zealand intends to operate some "red" flights each week (i.e. flights containing passengers that have not been either in New Zealand or Australia 14 days continuously prior to take-off), so that it can continue to deliver passengers who transit AKL to SYD. The majority of flights it intends to operate, however, will be "green" i.e. containing only those passengers that meet TTSTZ eligibility requirements.

³New Zealand-based air crew that fly on 'high risk' routes must provide contact details to the Ministry of Health; undergo a medical examination and testing for COVID-19 after 48 hours of their return to New Zealand; and self-isolate until they receive a negative test result.

21. MIQ is currently working with Air New Zealand and Auckland/Christchurch airports on how MIQ air charter flights (red zone) will be processed and segregated from other TTSTZ travellers (green zone). Under current proposals, Terminal A at Auckland Airport will convert to serve green zone passengers and Terminal B will be designated for red zone passengers requiring isolation and quarantine. We need Air New Zealand to support these arrangements, including having their aircraft process MIQ guests for onward transfer from Terminal B.
22. An issue of concern for Air New Zealand is the current requirement under the TTSTZ arrangement text to segregate crew that fly “green” flights from those that fly “red” flights as well as the need to meet all “eligibility” requirements (i.e. the need for crew to have been in Australia or New Zealand 14 days continuously before flying). For Air New Zealand, meeting this requirement would drastically reduce crew availability for other international flights.

Freight subsidy scheme

23. In March 2020, Cabinet established the International Air Freight Capacity (IAFC) scheme. A core component of the Government’s \$600 million aviation support package, it provides funding support to air carriers to ensure air freight capacity is provided on key routes in order to maintain the flow of critical goods into New Zealand. A secondary objective was to ensure that people could enter and leave New Zealand. The scheme has helped to make the operation of Air New Zealand’s international network viable and that the airline is well placed to increase its flights when border controls are finally lifted and international tourism re-emerges. The scheme was recently extended beyond its current expiry date of 31 December 2020 to 31 March 2021. Air New Zealand supports the ongoing operation of the scheme.

China’s new COVID-19 pre-departure testing requirements

24. China has updated its COVID-19 pre-departure travel requirements. Under its new global policy, all travellers arriving in China are required to undertake two COVID-19 tests at their last port of departure: a ‘nucleic acid’ (PCR nasal swab) and an ‘Immunoglobulin M’ (IgM blood sample) test. Both tests need to be undertaken within 48hrs of departure, with the results approved by the Chinese Embassy/Consulate prior to departure.
25. The new requirements will impact on travel, with transit to China through New Zealand effectively now no longer possible. Air New Zealand is concerned about the impact on its Auckland-Shanghai service, with roughly 50% of its passengers on this service originating from Australia, the Pacific Islands or Latin America. Air New Zealand has advised that it will continue to operate this route for the time being⁴, noting that the government cargo subsidy (see above) keeps the route viable even if passenger numbers are low.
26. The impact of these new pre-departure testing requirements are not unique to New Zealand. We are aware of many other countries that are facing similar issues.

MIQ supply

27. We have around 4500 rooms set aside for people that are bookable online using the MIAS system. These rooms can accommodate 6,200 people on average at any one time, but this number varies depending on the number of people in the rooms.
28. Due to travellers wanting to return to New Zealand in time for the summer holiday season, we currently have a spike in the number of people in our Managed Isolation Facilities, with very limited availability showing in MIAS for the rest of the year. This means that many

⁴ At present Air New Zealand is operating two passenger-cargo flights per week and three cargo-only flights.

travellers are currently having to defer their travel plans. At this stage it is uncertain as to when this current spike in demand will abate.

29. Our COVID-19 border measures, which include MIQ, have significantly constrained people flows. Passenger inflows were previously around 600,000 people per month. Current MIQ capacity supports monthly inflows of up to 15,000 people. Adapting our current MIQ model to meet increased demand (e.g. as we adjust our border settings and allow more critical workers in) is difficult given limits on the scalability of the existing model. Innovative approaches would need to be considered. Key constraints on expanding MIQ capacity include the capacity of the health system to respond to potential outbreaks at the same time as providing a healthcare workforce for the MIQ system, and the availability of hotels that meet requirements, especially in Auckland.

Annexes

Annex One: Talking Points

Annex One: Talking Points

General and MIQ demand management

In summary, this section contains Talking Points that were a summation of information being released in this paper. The Talking Points were prepared and offered by MBIE/MIQ, but they do not necessarily represent messages that the Minister for Covid-19 Response accepted or ever used.

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