

FOI

From: s22(1)(a)(ii)@nirc.gov.nf>
Sent: Wednesday, 8 December 2021 12:50 PM
To: "Controller - Emergency Management Norfolk Island" (controller@emni.gov.nf); s22(1)(a)(ii)
s22(1) s22(1)(a)(ii) s22(1)(a)(ii) s22(1)(a)(ii) s22(1)(a)(ii) s22(1)(a)(ii) s22(1)
s22(1) s47F s22(1)(a)(ii) s22(1)(a)(ii) s22(1)(a)(ii) @afp.gov.au;
) () i
sales@norfolkislandrealty.com
Subject: EMT minutes
Attachments: Minutes 2 Dec 2021.docx

Afternoon yorlye

Attached are draft minutes from EMT meeting. Note next meeting 16th Dec

cheers



s22(1)(a)(ii)

Customer Service Officer – GIS, Registry, Courts & Land
Norfolk Island Regional Council
New Military Barracks
PO Box 95
NORFOLK ISLAND 2899
T s22(1)(a)(ii)



H1:20 COVID 19

EMERGENCY MANAGEMENT TEAM (EMT)

MINUTES OF MEETING HELD 2ND DECEMBER 2021

Present: George Plant (Controller)
 s22(1)(a)(ii) (Emergency Liaison Officer) – partial due to teams connections
 s22(1)(a)(ii) (Administrators Office)
 s22(1)(a)(ii) (subject matter expert)
 s22(1)(a)(ii) (NIRC)
 s22(1)(a)(ii) (Deputy Controller)
 s22(1)(a)(ii) (IC)
 s22(1)(a)(ii) (police)
 s47F (Business rep)
 s22(1)(a)(ii) (Welfare rep)
 s22(1)(a)(ii) (secretarial support)

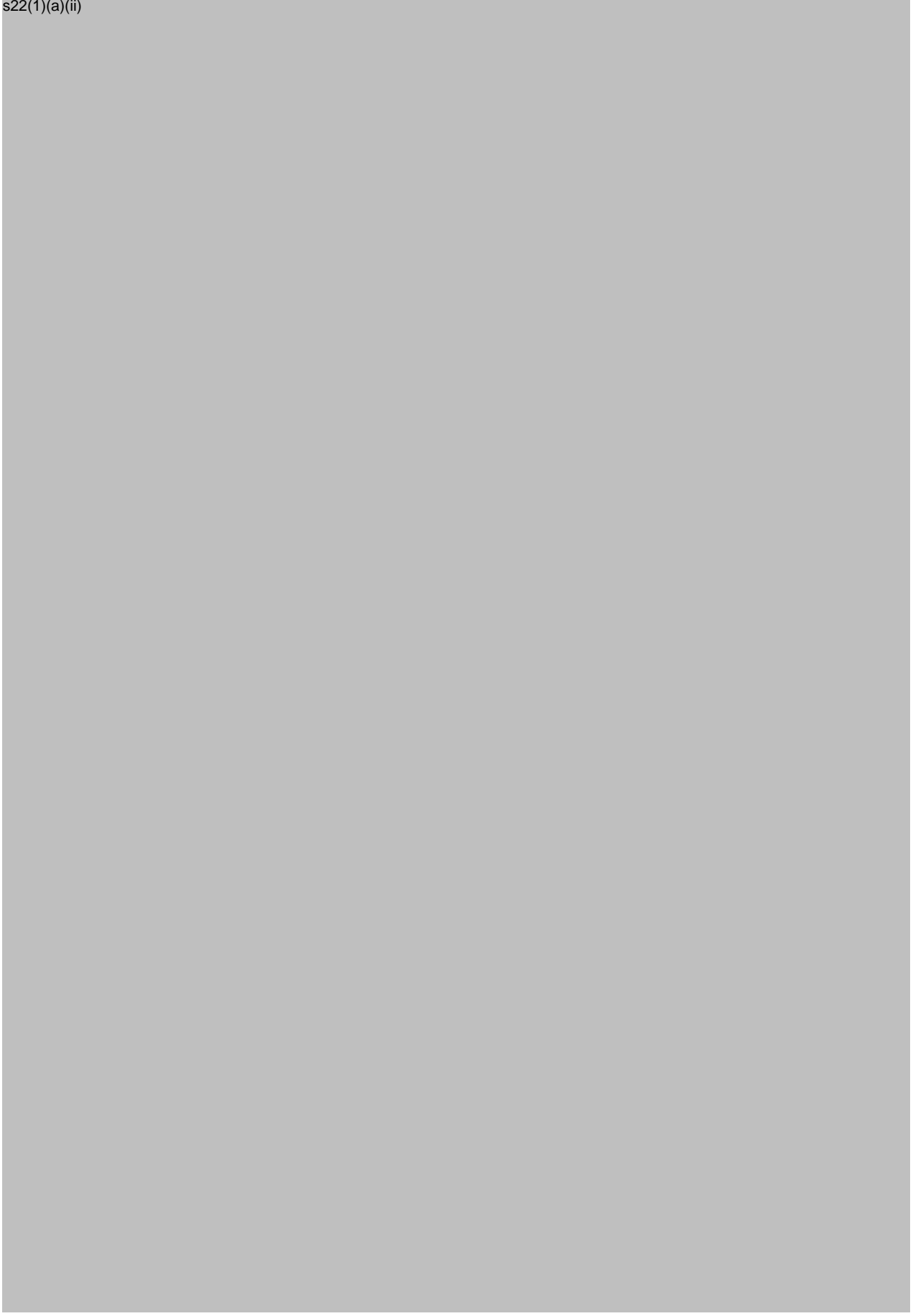
Apologies: s22(1)(a)(ii) (NIRC General Manager)
 s47F (Community rep)

Opened: 9:15am
 s22(1)(a)(ii)




Released under the FOI Act 1982 by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts

s22(1)(a)(ii)





Released under the FOI Act 1982 by the Department of Infrastructure,
Transport, Regional Development, Communications and the Arts


s22(1)(a)(ii)



6A. Incident Controller report

- s22(1)(a)(ii) 
- 
- Air Chathams is taking bookings for end of January (As at 29 Nov NZ borders open to fully vaccinated NZ citizens and other travellers eligible under current settings from Aus from 11:59pm on 16 Jan 2022 provided been in Aus or NZ for past 14 days)

s22(1)(a)(ii)



Meeting closed: 10.50am
Next meeting: 16th December 2021

FOI

From: s22(1)(a)(ii) @nirc.gov.nf>
Sent: Monday, 7 October 2024 4:27 PM
To: Forbes, Kim
Subject: FW: Air Chathams Norfolk Island Air Service
Attachments: emailsignature_0d8fec71-6be7-4748-b7ec-5ca7b99f8807.jpg; 012_sm_fb_83d4383d-7736-4418-bed1-b63efb0bf87e.png; 012_sm_in_c5178fab-4e40-44da-9a94-48580888579c.png; 012_sm_twitter_9bc73309-271b-4412-8b35-f8d593ad8fa2.png; 012_sm_y2_2a34b667-e305-4f8f-b97c-e9a9152dcd15.png; 012_sm_pinterest_1e476e78-b6f6-434d-a5d8-d3f9533ceb30.png; 012_sm_insta_e016a74d-3c16-4a3b-8532-afcd8745d09c.png; Report 11.3 - Air Chathams - Assessment of New Zealand Market.pdf

Hi Kim,

I would not normally send this type of email to yourself, but thought it best you are aware of it, given the mention of Commonwealth subsidies to Qantas and the copying in of s22(1)(a)(ii). Am not seeking more than a discussion on this when we next speak.

Cheers,



Integrity | Communication | Accountability | Respect | Excellence

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From: s22(1)(a)(ii)
Sent: Monday, 7 October 2024 5:18 PM
To: s47F
Cc: s22(1)(a)(ii) s47F
Subject: RE: Air Chathams Norfolk Island Air Service

Good Day s47F

Firstly, I express profound disappointment that you have taken the measure of conducting an interview posted in local media, heaping the sole onus on Council for the longevity of the Auckland route. Any chance I had of convincing the Council Administrator of some level of ongoing support, albeit not equivalent to your ongoing request for a full waiver on landing fees, has now been made much more difficult. I consider this not to be in the spirit of working together.

Regardless of NIRC's discussions with AirNZ last year, I trust you have been fully clear on the level of rebate Council would provide Air Chathams through to the end of this year. This was wrapped into the contract between NIRC and yourselves in July 2022 and should have been the basis on which you planned out this season's flights. Notwithstanding COVID, these rebates, and those provided to Air Chathams from 2018 to 2020, is a considerable level of support for Air Chathams, from an organisation with a small resource base, that is also obliged to operate, maintain and plan for a significant asset in the form of the airport. A late request for full landing fee waiver the week prior to your first flight in September is unreasonable, on this basis alone.

What you may not be aware of is the considerable additional expense that NIRC has taken on to have a CASA-certified Aviation Rescue Firefighting Service (ARFFS), just to accept Air Chathams flights. We remain in protracted negotiations with the firefighting union, whose members now insist on being at parity with Air Services Australia staff. The servicing and maintenance of two Rosenbauer Panther tenders and the purchase of a hot-fire training facility, not to mention other minimum requirements, all add to the extensive cost in maintaining this certification. The union and CASA are also pressuring NIRC to add another 3 fulltime fire staff to the crew to maintain Level 2, Category 6, which is a function of passenger flights out of New Zealand. Needless to say, the additional cost of maintaining this certification, easily in the hundreds of thousands of dollars, is now being borne predominantly by passengers from the Australian domestic routes, a service that does not require this standard of ARFFS.

Regarding your published interview, and for the benefit of both George and Alma, I thought it best to clarify some points:

- Council has, in fact, been active in the NZ tourism market and promoted Air Chathams. This includes:
 - o Tourism team leader physically represented Norfolk at an Air Chathams tradeshow in NZ in June 2024
 - o Air Chathams has been promoted as part of the Norfolk Island Tourism presentation at a) the Australian Tourism Exchange to over 80 industry reps and b) Treasures of the South Pacific presenting Air Chats as a service provider to over 200 trade partners in August 2024
 - o Pinetree Tours and NI Tourism recently co-funded a digital campaign led by Air Chathams Marketing Manager - (June 2024)
 - o NI Tourism advertised in Island Time magazine (NZ) in the winter and spring editions 2024
 - o NI Tourism and other local accommodation & tour companies kindly donated to the NZ Life Flight gala held on NZ on 15th August 2024 as well as to the Sutrees 25th Big Game fishing comp to be held in Feb/March 2025

This is in addition to the ^{s47G(1)(a)} we intend to spend from our marketing budget, exclusively for New Zealand

- As mentioned, there has been consistent discounts on landing fees for Air Chathams since 2018 - including those mentioned in the attached Council business paper from November 2023
- As part of the contract in 2022, NIRC provided Air Chathams with ^{s47G(1)(a)} in marketing for the route. Despite this, the route continues to underperform
- Any additional rebate, discount or direct investment to Air Chathams naturally comes at the expense of another area NIRC services, e.g. roads, Telecom, parks/gardens, reserves

Further to the above, while I do not have visibility on contractual arrangements between the Commonwealth and Qantas, it is my understanding that the Sydney/Brisbane services are underwritten and not directly subsidised. It would be presumptuous to say that these flights are receiving a direct contribution from the Australian Government.

Like your interviewer, I too wonder why there is no consideration of the role other providers can play in assisting the route, should it in fact be viable. ^{s47G(1)(a)}

^{s47G(1)(a)} have they provided discounts? Tourism operators and accommodation providers ^{s47G(1)(a)} is there an offer from them on how to make the journey more attractive to New Zealanders?

Despite all the above and the difficult position this commentary places Council in, ^{s47G(1)(a)} I still have a support proposal before Council this Wednesday. This is consistent with our previous offer, although the specific detail currently remains confidential in the public report, for commercial reasons. Our intent is to support Air Chathams and your customers who have booked this season, while you deliberate the route's feasibility. Beyond this, Council will not be held accountable for commercial decisions of other businesses, and will make decisions that are in the

best interests of all services we deliver. A greater rebate and level of support would necessarily result in a greater burden on all local ratepayers and residents.

I will advise you of the outcome of the Council meeting in due course and trust we can continue to work collaboratively for as long as the route services Norfolk Island. Out of courtesy, I am also advising that Council will publish a media release this week correcting points made in your interview.

Regards,

From: s47F <[REDACTED]@airchathams.co.nz>
Sent: Saturday, 5 October 2024 7:16 AM
To: s22(1)(a)(ii) <s22(1)(a)(ii)@nirc.gov.nf>
Cc: s22(1)(a)(ii) <[REDACTED]@airchathams.co.nz>; s22(1)(a)(ii) <[REDACTED]@airchathams.co.nz> s47F
Subject: Air Chathams Norfolk Island Air Service

Kia Ora s22(1)(a)

We have considered our recent discussions and reached out to locals we have worked with in recent times to understand whether there is awareness around the fragility of the Auckland to Norfolk Island air service. Through that process it has become evident that the community are not aware that the route is underperforming and that Air Chathams is considering options to continue, modify or terminate the route.

The council paper you shared with us (attached) was quite disappointing, not so much in the ongoing financial support offer, but that Norfolk Island Regional Council resolved to give diluted support to hold Air Chathams all the while going around our back to attempt to bring Air NZ into the route. We know Air NZ would never consider sending their ATRs to Norfolk (not without a considerable underwrite), yet the fact that NIRC would consider such a move that would seriously damage Air Chathams who has stuck with the route through a pandemic and after posting sizable annual losses to try and build the market back is really poor behaviour on your council's part. And does not inspire a true partnership and trust.

As such, we are not prepared to carry all the risk on this route going forward. Our request is as follows:

- s47G(1)(a) waived per passenger aeronautical fees for Air Chathams backdated from August 2024 until end of April 2025
- s47G(1)(a) in New Zealand dedicated marketing support on a collaborative approach with the Air Chathams marketing team

We have not loaded our 2025 schedule from August forward. If the NIRC does not agree to work with us on the request above then we will formally notify all Norfolk Island stakeholders of our withdrawal in December 2024. At that point we will operate the flights that provide a positive contribution after direct costs and look at flights not adequately sold and consolidate or cancel.

If NIRC do support Air Chathams as requested, we will sign terms supplied by NIRC and load the forward schedule from August 2025 onwards. We would expect a future provision for route support to be negotiated and agreed in those terms.

Air Chathams does not accept your equity argument with Qantas services on the basis that they operate on an underwritten commercial agreement which completely removes their financial liability on the route.

Sincerely,

s47F

Mobile: s47F <[REDACTED]> **Email:** s47F <[REDACTED]@airchathams.co.nz>
Web: www.airchathams.co.nz **Freephone:** 0800 FLY NOW



airchathams.co.nz



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11 DECISION REPORTS**11.3 AIR CHATHAMS - ASSESSMENT OF NEW ZEALAND MARKET**

Reporting Officer: Sandra McFeeters
Department: Economic Development
File No: N/A
Presented For: Decision

PURPOSE

To update Council on the status of the New Zealand Market and implications for the continuity of Air Chathams services.

OFFICER RECOMMENDATION:

1. That Council approves the extension of Year 1 rebate of 80% of embarkation and disembarkation landing fee for the 2023-2024 Financial Year.
2. That Council negotiates with Air New Zealand to determine interest in reinstating an Air New Zealand service from Auckland utilizing their fleet of ATR72 aircraft.

BACKGROUND

Air New Zealand operated an Auckland Norfolk Island service from 2000 to 2018 extending service delivery to Australia/Norfolk via Brisbane and Sydney in 2011/2012. With the cessation of the Air New Zealand's Auckland service in 2018, Air Chathams reinstated a service from Auckland.

Air Chathams began operating a weekly Auckland to Norfolk service at the end of October 2018 under an agreement with council offering a rebate on landing fees. The service showed a 50% growth from June 2019 to March 2020. Due to the strict travel restrictions imposed during the COVID Pandemic Air Chathams was forced to cease operations to Norfolk Island in April 2020.

In September 2022 Air Chathams reinstated the Auckland service having negotiated a new agreement with council which was incentivized to assist with rebuilding the New Zealand market. This service was predominantly restricted to a SAAB 340 with a payload restriction reducing seat capacity to 24 seats, with the aim to build to the ATR72-500 with a 68-seat capacity unhindered by payload restrictions. The negotiated agreement with council provided an 80% rebate on landing fees in the first year reducing to 50% rebate in year two with incentives aligned with key performance indicators.

Air Chathams have approached Council for an extension of the year one rebate due to the challenges of building the New Zealand market and the viability of the route through the first year. Air Chathams have indicated that without the full rebate operations will cease.

To inform Council decision Three Consulting were engaged to assess the importance of the New Zealand Market and its future value and provide options for the continued provision of services to Auckland to Norfolk Island.

DISCUSSION/CURRENT ISSUE

The cost to Council for airport service delivery is substantial and challenging with the limited flights. Norfolk Island Airport is classified as an International Airport, solely due to the flight program from New Zealand and is therefore required to provide an Aerodrome Rescue Fire Fighting Service, a significant financial burden to council. This cost may further increase by \$750,000 pending outcomes of EBA negotiations requiring a further increase of fees.

Air Chathams hosted a business and community workshop on 6 October 2023 where they identified challenges for the company and the plans to close Regular passenger flight during the off-peak period from 1 May to 30 September beginning May 2024 providing only charter services to the island during the off peak period.

Three options have been identified for Councils consideration.

Option 1	Do Nothing - Revert to 50% rebate as per Agreement Conditions
Benefits	Recoup a further 30% of landing fees If Air Chathams cease services, the classification of Norfolk Island Airport as an international airport will cease. Council can request through CASA a deregistration of the Aerodrome Rescue Fire Fighting Service and revert to a domestic community fire service providing emergency response.
Risks	Air Chathams becomes unviable and ceases services. Loss of future potential New Zealand market segment and the economic benefits associated with this tourism market. CASA and Commonwealth determine that it is preferable to maintain the CAT 6 and a certified ARFFS response due to the remoteness of Norfolk Island.
Financial Implications	Recoup of a further 30% in landing fees Annual cost of ARFFS salary and wages to increase by a further \$750,000 pending current EBA negotiations. Loss of New Zealand annual tourism revenue estimated by Three Consult to be \$2.1M to \$6.7M building from 2021 to 2030.

Option 2	Extend the Year 1 rebate for a further 12 months to 30 June 2024
Benefits	Provides Air Chathams with the opportunity to grow the market further and determine if the service using the ATR72-500 which they implemented in September 2023 is sufficient to ensure sustainability of the business. Provide the opportunity for council to explore Option 3 and determine if Air New Zealand is interested in providing a regular ATR72 service to Norfolk Island.
Risks	Air Chathams is considering providing only charter services during the off-peak winter period April to September as of April 2024. Air Chathams is not sustainable and ceases operations prior to May 2024.
Financial Implications	If Air Chathams maintains full RPT for the year Council will rebate \$318,240 embarkation and disembarkation fees with

	<p>potential revenue earned of \$63,128 for screening and ARFFS fees If only charter services are provided during off peak based on the 7 months of ATR72 weekly flights Council will rebate \$85,680 of embarkation and disembarkation fees with \$33,992 for screening and ARFFS fees.</p> <p>For a support rebate of between \$85,680 to \$318,240 the Norfolk Island tourism economy could generate between \$2.2M to \$3M in 2023/2024 Financial year.</p>
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Option 3	Negotiate with Air New Zealand to determine interest in re-instating the Auckland Norfolk route with an ATR72- 500
Benefits	<p>ATR72 is thought to be the most appropriate aircraft to service Norfolk/Auckland market with Air New Zealand operating 29 aircraft of this type, making it the largest component of the fleet. The size of their AR72 fleet, provides a level of redundancy and agility in responding to aircraft breakdowns or the ability to run additional flights during peak periods and for charter.</p> <p>Air New Zealand has been servicing Norfolk Island continuously between 2000 and 2020</p> <p>Air New Zealand has an extensive marketing and sales presence in New Zealand and is therefore positioned to rebuild Norfolk Island visitation.</p> <p>Air New Zealand has a strong reputation for delivering consistent services and is trusted by the community and trade.</p> <p>Leveraging the frequent flyer points program makes travel more attractive.</p> <p>Services can be increased during peak periods.</p> <p>Services could be profitable from (\$300 one way).</p> <p>International travel by New Zealand residents is expected to return to pre-Covid levels in 2025.</p>
Risks	<p>If Air New Zealand is not interested in regrowing this market and Air Chathams is not provided subsidies or rebates the New Zealand market will be lost with significant efforts required to find equivalent market share in Australia.</p>
Financial Implications	<p>Three Consult estimates the conservative potential revenue generated through an ATR72 service to be from \$2M in 2023 to \$5.5M in 2030 at 68% load with potential of \$6.7M at 80% load.</p>

It is recommended that Council implement both Option 2 and Option 3. Providing Air Chathams with continued support and securing ongoing service delivery whilst exploring Air New Zealand's interest in reinstating its Auckland service using the ATR72 fleet.

RELEVANCE TO THE STRATEGIC PLAN AND RESOURCING STRATEGY

Strategic Direction 04: A successful and innovative community

Objective 6 – Strong, diverse and vibrant business environment

Objective 8 – Successful public private partnerships

RELEVANCE TO THE EXTERNAL AUDIT FINDINGS (EAFs)

NIL

LEGISLATIVE/POLICY IMPLICATIONS

NIL

LEGAL/RISK IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

Three Consultants have determined that the New Zealand market is a key component of the tourism economy of Norfolk Island projecting the following tourism revenues over the next seven years to be between \$2.1m to \$6.7M in annual revenue until 2030.

New Zealand visitors to Norfolk Island are expected to generate between \$2.1mil and \$6.7mil in annual revenue until 2030

		2023	2024	2025	2026	2027	2028	2029	2030
NLK-AKL Passenger Potential		1,560	3,120	4,680	6,240	6,240	6,240	6,240	6,240
Total Services in Saab 340		40	17						
Total Services in ATR72		12	35	52	87	87	87	87	87
Load Assumption		68%	75%	76%	77%	78%	79%	80%	81%
Calculated Arrivals		1,480	2,219	2,687	4,555	4,614	4,674	4,733	4,792
Norfolk Island Residents	15%	222	333	403	683	692	701	710	719
New Zealand Visitors		1,258	1,886	2,284	3,872	3,922	3,973	4,023	4,073
Spend per Visitor per Day	\$215								
Average Length of Stay	7.6								
Calculated Revenue generated by New Zealanders		\$2,055,128	\$3,081,275	\$3,732,474	\$6,326,884	\$6,409,051	\$6,491,219	\$6,573,386	\$6,655,553

Even if service levels and / or assumed loads are lower, revenue generation remains substantial

		2023	2024	2025	2026	2027	2028	2029	2030
NLK-AKL Passenger Potential		1,560	3,120	4,680	6,240	6,240	6,240	6,240	6,240
Total Services in Saab 340		40	35	35					
Total Services in ATR72		12	17	17	52	87	87	87	87
Load Assumption		68%	68%	68%	68%	68%	68%	68%	68%
Calculated Arrivals		1,480	1,595	1,595	2,404	4,023	4,023	4,023	4,023
Norfolk Island Residents	15%	222	239	239	361	603	603	603	603
New Zealand Visitors		1,258	1,356	1,356	2,044	3,419	3,419	3,419	3,419
Spend per Visitor per Day	\$215								
Average Length of Stay	7.6								
Calculated Revenue generated by New Zealanders		\$2,055,128	\$2,215,684	\$2,215,684	\$3,339,582	\$5,587,378	\$5,587,378	\$5,587,378	\$5,587,378

BUDGET/FINANCIAL/RESOURCING IMPLICATIONS

Cost of ARFFS service provision is \$1M inclusive of salary and wages, maintenance and capital with a potential salary increase to \$750,000 at close of Enterprise Bargaining negotiations.

Table: Councils' rebates to Air Chathams:

Year	Passengers inbound	Total Passengers Inbound/outbound	Embarkation and Disembarkation Fee rebate 80%	Cooperative Marketing	Total Value Rebate	Actual Fee Revenue Earned
2022/2023	1266	2543	\$122,064	\$50,000	\$172,064	\$149,210
2024/2023 full year ATR72	2652	5304	\$297,024	\$50.00	\$297,074	\$137,386 estimated
2024/2023 7 months ATR72	1428	2856	\$85,680	\$00,000	\$135,680	\$76,832 estimated

Air Chathams total fees paid to council in 2023 inclusive of the 20% incentive landing fee rates totalled: \$149,210.

COMMUNICATION/CONSULTATION

Detailed communications with Air Chathams have been undertaken by the General Manager.

Three Consulting were engaged to provide an independent assessment of the New Zealand market to inform Councils decision making refer attached report.

ATTACHMENTS

1. 1914 - 230921 NLK - Assessment of New Zealand Market V2.0



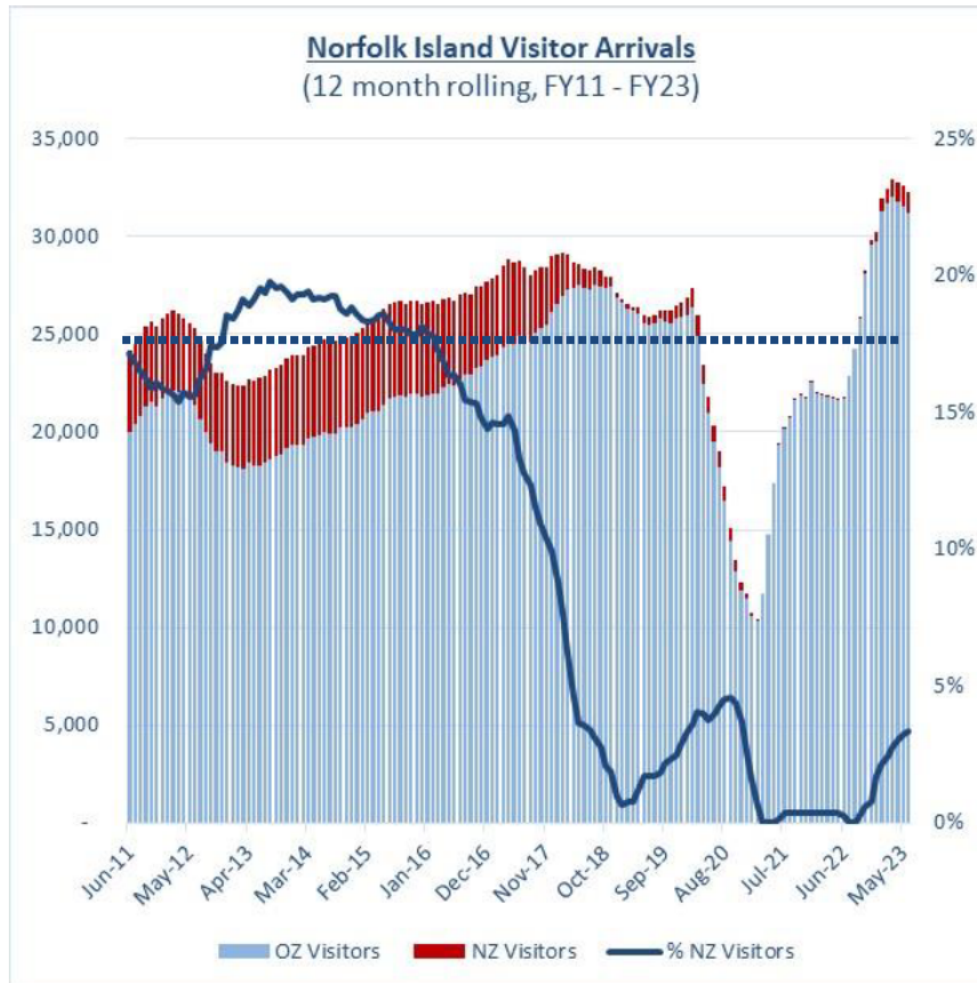
Released under the Official Information Act 1982 by the Department of Infrastructure, Regional Development, Transport, Regional Growth, Communications and the Arts

Background

- The history of aviation to and from Norfolk Island is long and mostly negative, including various attempts to operate and/or charter capacity for an island-owned airline, Norfolk Air. The idea of an island owned and/or operated airline was abandoned during FY12 and, between FY13 and FY20, Air New Zealand (NZ) has been the only air service provider to and from Norfolk Island Airport (NLK), offering services to Auckland (AKL), Brisbane (BNE), and Sydney (SYD) up to FY17, and to BNE and SYD only in FY18 and FY19. During November 2019, Air Chathams (3C) re-introduced AKL with a once a week turbo-prop service
- The Air New Zealand services between NLK and BNE/SYD were underwritten by the Australian Government, with the Department of Infrastructure, Regional Development and Cities managing the contract. It is our understanding that, from time to time, destinations, frequencies, and schedules are agreed upon by the parties
- The Covid-19 outbreak made it impossible for Air New Zealand to keep serving NLK via Australia and Qantas (QF) was awarded a short term contract to replace NZ on island services ... an arrangement which has meanwhile been extended to 2026
- Operating under an agreement reached between Council and the airline in 2018, Air Chathams has re-introduced services on the NLK-AKL route in September 2022. Whilst this service is not underwritten (like the ones from mainland Australia), Council has agreed to rebate its regular passenger transport (RPT) fee by 80% during Year 1 of operations, and 50% during Year 2 of operations
- Air Chathams has notified Council that services are not delivering to expectations and that keeping the flights requires a continuation of the rebate scheme ... the airline's plan is still to re-develop the market to sustain two per week ATR72 services, potentially leading to jet operations at a later stage
- To complicate matters further, Council is currently in the middle of discussions with the Fire Fighters Union, who intend to establish parity with the mainland category 6 airport stations, required for international operations, which would lead to a 55% increase in costs or an incremental \$750,000 per annum. We are not in a position to advise on this issue from a technical and regulatory perspective but will make the financial aspect part of the following analysis
- This report sets out to assess the importance of the New Zealand market to Norfolk Island, how the market is likely to develop into the future and to point out options for Council to maintain services on the NLK – AKL market



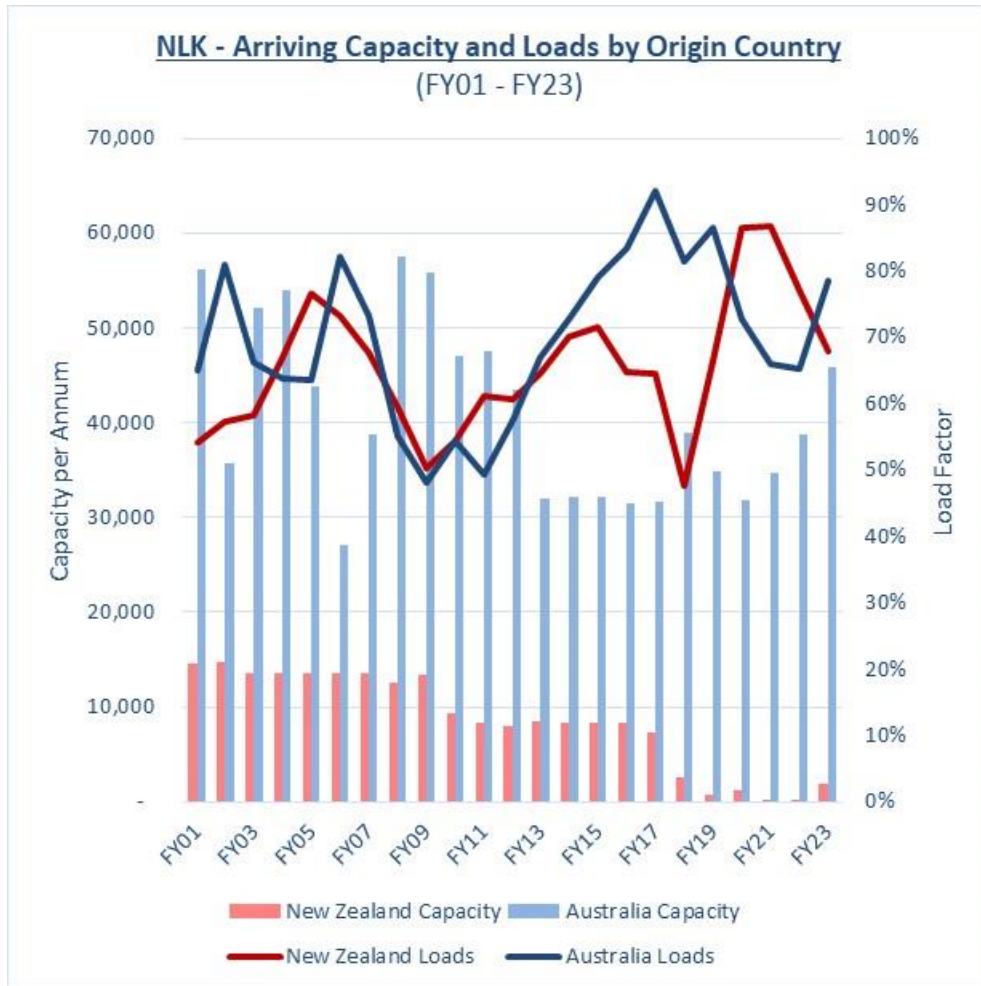
Over the past decade New Zealanders represented up to a fifth of Norfolk Island's visitor market



- Due to its geographic location and infrastructure limitations, Norfolk Island is limited to two visitor source markets, Australia and New Zealand
- If served adequately, as it was until FY17, the New Zealand visitor market accounts for around 18% of the total ... which is roughly equivalent to New Zealand's population share when compared with Australia
- It can safely be assumed that visitation by New Zealanders will come to a halt if non-stop services to AKL are discontinued ... the trip via BNE or SYD will be too circuitous and too costly to remain competitive vis-à-vis other travel options in the South West Pacific



In the past and seen over a longer time period, New Zealand services appear to generate less revenue than Australian ones



- Load factors on New Zealand services tend to be lower than on Australian services, by an average of around 5 percentage points
- It is likely that, up to FY17, this has been caused by aircraft choice, leading to a cycle of increasing fares (to compensate for lower revenue), itself leading to lower loads
- Insights from the last slide suggest that New Zealand accounts for around 20% of inbound visitation
 - So, if Australia – NLK requires around 4.5 jet round-trips a week, New Zealand – NLK should get around one
 - However, this results in a sub-optimal schedule pattern with all visitors forced to stay for either one or two weeks
- Increasing frequency on a smaller aircraft type appears to be a better way forward



Aircraft choice is likely to be a major success factor for NLK-AKL services



- Airbus A320-neo
 - 165 – 171 seats
 - No payload restrictions
 - MTOW: ca 79 tonnes
 - Speed: 830 km/h, travel time NLK-AKL: ca 90 minutes



- Saab 340
 - 34 seats
 - Average payload penalty of 25%
 - MTOW: ca 9 tonnes
 - Speed: 500 km/h, travel time NLK-AKL: ca 150 minutes



- ATR72-500
 - 68 seats
 - No payload restrictions
 - MTOW: ca 23 tonnes
 - Speed: 500 km/h, travel time NLK-AKL: ca 150 minutes



It appears that the ATR72 offers the best mix of capacity, payload and cost structure ... producing positive results at reasonable average fares

	A320-neo	Saab 340	ATR72-500
Maximum NZ Visitors / Annum (Average FY11 - FY17)	5,300	5,300	5,300
Residents (at long term average of 15% of total)	940	940	940
Total One Way Passenger Potential on NLK-AKL	6,240	6,240	6,240
Available Seats per Service (net of payload restrictions)	171	26	68
Services during Peak (September - April) - 35 weeks	35	70	70
Services during Off Peak (May - August) - 17 weeks	17	17	17
Calculated Load Factor	70%	281%	105%
Flown Load Factor	70%	90%	80%
Flown Passengers per Service	120	23	54
Revenue at \$300 Average Fare	\$35,910	\$6,885	\$16,320
Revenue at \$350 Average Fare	\$41,895	\$8,033	\$19,040
Revenue at \$400 Average Fare	\$47,880	\$9,180	\$21,760
Revenue at \$450 Average Fare	\$53,865	\$10,328	\$24,480
Cost per Flying Hour	\$23,000	\$4,000	\$6,000
Profitability @ \$ 300 Average Fare	\$1,410	-\$3,115	\$1,320
Profitability @ \$ 350 Average Fare	\$7,395	-\$1,968	\$4,040
Profitability @ \$ 400 Average Fare	\$13,380	-\$820	\$6,760
Profitability @ \$ 450 Average Fare	\$19,365	\$328	\$9,480

- We ran pro-forma profitability calculations for the different aircraft types ... reaching the following insights
- Airbus A320-neo
 - Services could be possible at relatively low fare levels
 - Impossible to increase frequencies during the peak as average load factors collapse to just 21%, leaving the service unprofitable
- Saab 340
 - Services can be increased during the peak
 - Payload restrictions limit average passenger carriage to 23 per service
 - Services could be profitable at average fares from \$450 (one way)
- ATR72-500
 - Services can be increased during the peak
 - Services are assumed to run at 80% loads, leaving some demand behind
 - Services could be profitable at average fares from \$300 (one way)



International travel by New Zealanders is expected to return to pre-Covid levels in 2025



- After having to deal with some of the harshest Covid-19 related travel restrictions in the world, New Zealanders are taking back to the skies
- On a 12 month rolling basis up to June 2023, travel to Oceania is down 27% compared to the same period ending in June 2019 ... June 2023 versus June 2019 is down just 17%
- As the slope of recovery is easing slightly, and also reacting to a recent release of low consumer confidence data, it is assumed that New Zealand outbound international travel will return to pre-Covid levels during 2025
- Marketing activities and attractive air fares could see New Zealand travel to Norfolk Island return to previously achieved levels in 2026



New Zealand visitors to Norfolk Island are expected to generate between \$2.1mil and \$6.7mil in annual revenue until 2030

		2023	2024	2025	2026	2027	2028	2029	2030
NLK-AKL Passenger Potential		1,560	3,120	4,680	6,240	6,240	6,240	6,240	6,240
Total Services in Saab 340		40	17						
Total Services in ATR72		12	35	52	87	87	87	87	87
Load Assumption		68%	75%	76%	77%	78%	79%	80%	81%
Calculated Arrivals		1,480	2,219	2,687	4,555	4,614	4,674	4,733	4,792
Norfolk Island Residents	15%	222	333	403	683	692	701	710	719
New Zealand Visitors		1,258	1,886	2,284	3,872	3,922	3,973	4,023	4,073
Spend per Visitor per Day	\$215								
Average Length of Stay	7.6								
Calculated Revenue generated by New Zealanders		\$2,055,128	\$3,081,275	\$3,732,474	\$6,326,884	\$6,409,051	\$6,491,219	\$6,573,386	\$6,655,553



Even if service levels and / or assumed loads are lower, revenue generation remains substantial

		2023	2024	2025	2026	2027	2028	2029	2030
NLK-AKL Passenger Potential		1,560	3,120	4,680	6,240	6,240	6,240	6,240	6,240
Total Services in Saab 340		40	35	35					
Total Services in ATR72		12	17	17	52	87	87	87	87
Load Assumption		68%	68%	68%	68%	68%	68%	68%	68%
Calculated Arrivals		1,480	1,595	1,595	2,404	4,023	4,023	4,023	4,023
Norfolk Island Residents	15%	222	239	239	361	603	603	603	603
New Zealand Visitors		1,258	1,356	1,356	2,044	3,419	3,419	3,419	3,419
Spend per Visitor per Day	\$215								
Average Length of Stay	7.6								
Calculated Revenue generated by New Zealanders		\$2,055,128	\$2,215,684	\$2,215,684	\$3,339,582	\$5,587,378	\$5,587,378	\$5,587,378	\$5,587,378



Council's options with respect to New Zealand services

- Norfolk Island is heavily dependent on income from tourism. 40% of Gross Island Product (GIP) is driven directly by tourism, however, this percentage increases when economic flow-on effects are included. As there are only two realistic tourism source markets, it appears critical to try and maintain as well as regrow the New Zealand inbound visitor market
- **Air Chathams**
 - Air Chathams have been benefitting from a generous RPT passenger fee rebate and do not appear to be in a position to serve the NLK – AKL route profitably
 - This is likely due to a combination of an unfavourable cost structure and a lack of sales and marketing presence in the New Zealand market
 - In principle, rebates should be short term only and help an airline establish services on a new route ... rebates should not become a permanent part of an airline's cost structure
 - If NLK is to be upgraded to a Category 6 airport for Fire Services purposes, the additional \$750,000 in annual cost would most likely be distributed on a common user / per passenger basis
 - In sum, if Air Chathams continues to serve the NLK – AKL route, per passenger one-way cost would increase by around \$60 (100% instead of 20% of \$60 RPT fee + around \$10 for increases in Fire Services cost) ... which accounts for around 15%-20% of the average one-way fare
 - It must be assumed that Air Chathams will discontinue services under this scenario
- **Air New Zealand**
 - The ATR72 is thought to be an effective aircraft to serve the NLK – AKL market ... Air New Zealand operates 29 of the type, making it the largest component of its fleet
 - Air New Zealand has been serving Norfolk Island continuously between 2000 and 2020, making it a market insider second to none
 - NZ has superior marketing and sales presence in the New Zealand market, giving it the best position to re-start visitation to Norfolk Island
- Given the need to establish RPT fee parity at the airport which will most likely lead to the departure of Air Chathams, and given the relative importance of the New Zealand market to Norfolk Island, it is recommended to start engaging Air New Zealand with the objective to re-instate the carrier on the NLK – AKL route





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FOI

From: s22(1)(a)(ii)
Sent: Friday, 25 October 2024 10:00 AM
To: s22(1)(a)(ii)
Subject: RE: Quick update and follow up [SEC=OFFICIAL]

OFFICIAL

Thanks s22(1)

OFFICIAL

From: s22(1)(a)(ii)
Sent: Thursday, 24 October 2024 11:02 PM
To: s22(1)(a)(ii)
Cc: s22(1)(a)(ii); s22(1)(a)(ii)
Subject: RE: Quick update and follow up [SEC=OFFICIAL]

Hi s22(1)(a)(ii),

FYI – I’m copying in s22(1)(a)(ii) for his transparency.



I expect the above might be a bit confusing, so am happy to jump online to explain.

Released under the FOI Act 1982 by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts

s22(1)



s22(1)(a)(ii)

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From: s22(1)(a)(ii) @infrastructure.gov.au>
Sent: Wednesday, 23 October 2024 9:32 AM
To: s22(1)(a)(ii) <s22(1)(a)(ii)@nirc.gov.nf>
Subject: RE: Quick update and follow up [SEC=OFFICIAL]

OFFICIAL

Thanks s22(1)

I will let you know if s22(1)(a)(ii) needs more info for now. I'm not sure of the context of his request!

Have a good day,

s22(1)(a)(ii)

OFFICIAL

From: s22(1)(a)(ii) <s22(1)(a)(ii)@nirc.gov.nf>
Sent: Tuesday, 22 October 2024 7:44 PM
To: s22(1)(a)(ii) @infrastructure.gov.au>
Subject: RE: Quick update and follow up [SEC=OFFICIAL]

s47G(1)(a)

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From: s22(1)(a)(ii) @infrastructure.gov.au>
Sent: Tuesday, 22 October 2024 2:43 PM
To: s22(1)(a)(ii) s22(1)(a)(ii) @nirc.gov.nf>
Subject: RE: Quick update and follow up [SEC=OFFICIAL]

OFFICIAL

Thanks s22(1)(a)(ii)

I pushed my airport meeting back to Friday, so I will have time to get across your update.

s22(1)(a)(ii) has asked for an update on the negotiations at the same time. Do you have anything to report there? I understood from when we last spoke it was all under control?

s22(1)(a)(ii)

OFFICIAL

From: s22(1)(a)(ii) <s22(1)(a)(ii)@nirc.gov.nf>
Sent: Monday, 21 October 2024 10:25 AM
To: s22(1)(a)(ii) @infrastructure.gov.au>
Subject: Re: Quick update and follow up [SEC=OFFICIAL]

Hi s22(1)(a)(ii)

s22(1)(a)(ii)

Re: those two matter:

- s42 . I can give you an update then Including a preferred date to meet with CASA.
s22(1)(a)(ii)

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s22(1)

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s22(1)(a)(ii)

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From: s22(1)(a)(ii) <[s22\(1\)\(a\)\(ii\)@infrastructure.gov.au](mailto:s22(1)(a)(ii)@infrastructure.gov.au)>

Sent: Monday, October 21, 2024 9:12 AM

To: s22(1)(a)(ii) <s22(1)(a)(ii)@nirc.gov.nf>

Subject: Quick update and follow up [SEC=OFFICIAL]

OFFICIAL

Hi s22(1)

I hope you had a good weekend.

s22(1)(a)(ii)

In my last week I am tying up loose ends. I am just following up on two things from our last discussion:

- CASA certification. Please let me know if you have progressed thinking in this space. I have a meeting on Wednesday, when I will need to provide an update to s22(1)(a)(ii)
- s22(1)(a)(ii)

Thank you

Bonnie

s22(1)(a)(ii)

s22(1)(a) • A/g Director • Norfolk Island Policy • Territories Division

s22(1)(a)(ii) <[s22\(1\)\(a\)\(ii\)@infrastructure.gov.au](mailto:s22(1)(a)(ii)@infrastructure.gov.au)>

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*I would like to acknowledge the traditional custodians of this land on which we meet, work and live.
 I recognise and respect their continuing connection to the land, waters and communities.
 I pay my respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.*

OFFICIAL

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