

**SUMMARY OF SUBMISSIONS RECEIVED**

**Attachment 3**

Company	Option supported	Summary of Submissions	CAA response
<b>Individual Submission</b>	Option 1 – <i>Do Nothing.</i> However, in absence of Govt funding, Option 3 – <i>Increase the current levies</i>	Any funding shortfall should be met by the NZ Government. Recognise that ANZA operators are paying some costs under home country authority; however these are not accurately reflected in the operator’s charges. Need to amend ANZA to charge levy.	Regulatory oversight in New Zealand is funded by fees, charges and levies. It is not government policy to directly fund the costs associated with regulatory oversight as a public good.
<b>Pacific Blue</b>	Option 4 – <i>A new Partial Levy</i>	Any operator from any other State should contribute proportionately to overall cost of aviation safety oversight & provision of services in NZ	Agree. Submission supports the proposal in the consultation paper. The proportionality has been determined by identifying the full cost of regulating the aviation safety system in NZ and then recovering the cost that is funded by the levy – the remainder being funded by user charge paid by NZ certificated airlines.
<b>Vincent Aviation</b>	Option 4 – <i>A new Partial Levy</i>	NZ costs should be borne by those operating in NZ. Need to avoid double charging. Interested in Australian reaction.	Agree. Underlying the proposal is the need to avoid double charging to those operators who participate in the market of the other jurisdiction. It is expected that Australian operators with ANZA privileges, who benefit from operating

			<p>within a safe regulatory environment in New Zealand, will contribute to the level necessary to match the benefits received. For example, Australian ANZA operators benefit from New Zealand regulation of other aircraft, aerodromes, air navigation aids, obstruction to airspace and air traffic control system. The CAA also coordinates and regulates the provision of aeronautical information and aviation meteorology.</p> <p>The Ministry of Transport is responsible for the relationship with the Australian government and can advise on any official Australian government reaction to the proposal. The CAA did pass a copy of the consultation paper to CASA. It understands that this was passed to the Australian Department of Infrastructure, Transport, Regional Development and Local Government. No official response has been received to date.</p>
<b>Board of Airline Representatives (BARNZ)</b>	Option 4 – <i>A new Partial Levy</i>	Reasonable that Australian ANZA operators should pay for general oversight in NZ when they operate domestically here, but should not pay CAA for direct safety oversight of their own operations because they have received that service from CASA, not from CAA. Approach is reasonable in principle.	Agree. Proposal seeks to require Australian Operators with ANZA privileges to contribute to the general cost of safety oversight in the New Zealand system when they operate in New Zealand.
<b>Air New</b>	Option 4 – <i>A new</i>	Inequitable that ANZA operators being subsidised. Current levy, excluding Jetstar, affords Australian ANZA operators	Agree. The proposal seeks to ensure that all operators in New Zealand

<b>Zealand</b>	<i>Partial Levy Pending full review of fees and charges)</i>	a competitive advantage. Would like to see a level playing field.	contribute to the costs of regulatory oversight provided by the CAA commensurate with the benefits received.
<b>Aviation Industry Association of NZ (AIA)</b>	<i>Do not favour any option.</i>	<p>Supports the proposal to apply a Passenger Safety Levy to Australian Operators with ANZA privileges. Agree “loophole” (Jetstar not paying any levy) should be remedied, but does not support differential rates. Believe that Australian ANZA and New Zealand operators pay the same rate of levy at a rate which reflects the value of public goods and services received, whether this is at a rate of \$1.66 or \$2.00 (domestic passenger safety levy)Considers that this aligns New Zealand system to that of Australia where NZ operators do not receive abatements when operating in the CASA system. The levies paid reflect the cost of doing business in NZ aviation market and all participants accept that there is significant cross subsidization. Two tier system is perpetuating cross subsidization ethos and levy system should be targeted at removing cross subsidization. Would like to see a levy imposed on all carriers (ANZA 119 and 129) which reflect the cost of operating in the system.</p> <p>Submits that passengers on all carriers operating in the domestic market should pay the same irrespective of country of registration. Alternative submission is for the Levies safety Order to be amended by removing the referral to the operator being “approved by the Director”. This would remove the requirement to charge varying rates</p>	<p>While it is recognised that many in the NZ industry would like to see the same levy rate for both Australian ANZA operators and NZ operators, it would not be appropriate to charge the full levy rate to Australian ANZA operators.</p> <p>Double charging for the same regulatory activity is not permitted under the ANZA MRA.</p> <p>The proposal reflects the contribution towards the non-airline costs associated with CAA oversight of the New Zealand aviation system. Australian ANZA operators will pay AUD\$190 per hour plus full travel costs (including inspector travel time) for the surveillance and safety oversight of their operations in New Zealand. These costs correspond with the NZD \$133 per hour, and the additional 17% component of the passenger safety levies that NZ-certificated operators pay.</p>

		<p>for operators.</p> <p>In terms of the international fee AIA say that this fee was never set with regard to costs incurred or avoided by virtue of place of registration. Reflects a “fair” contribution to system wide costs.</p>	<p>It is also recognised that there is an element of cross subsidisation in the passenger safety. Issue of cross subsidisation will be addressed in the long term review of fees levies and charges.</p> <p>There are already two passenger safety levy rates: \$1 per departing passenger for international operators and \$2 per passenger sector for domestic operators. While this proposal will introduce two new rates, they will only apply to ANZA operators of which there are a limited number.</p>
<p><b>Jetstar</b></p>	<p>Option 1 – <i>Do Nothing</i></p>	<p>Suggest that, should a cost recovery take place, a more equitable approach may be for each safety regulator recover costs from each other for the supplementary services they provide to support ANZA operations. This, it says, would remove duplication and ensure an alignment between service provider and airline.</p> <p>Believe that the proposed levies are inconsistent with the ANZA principles which are to avoid duplication, complexity and added administrative and financial burdens which in turn may in future deter aviation operations in NZ. The proposed levies also reflect inconsistencies with the intent of the ‘open skies’ air services agreement. Questions the pricing methodology underpinning the proposed levy and the cross subsidisation of non airline related user fees and charges as well as system costs. Note that any decision pertaining to an ANZA levy not be finalised until the results</p>	<p>This suggestion fails to understand that the CAA is responsible for regulating the NZ civil aviation system. While CASA is authorised to certify and conduct regulatory oversight of Jetstar as an <i>air operator</i>, only CAA NZ is authorised to regulate the other participants in the New Zealand system. The proposed ANZA levy will ensure that ANZA operators pay an appropriate contribution to the costs associated with this latter role.</p> <p>There is no statutory provision in either New Zealand or Australia for cost transfers between the two authorities. Thus CASA could not recover levy from</p>

	<p>of the CAA's full review of all fees and charges are implemented. Questions the approach of hurriedly implementing these two new levies when there is the possibility that they could be changed following the review. Suggest that a better approach would be to fully engage stakeholders as part of the consultation process for the broader review of the pricing methodology.</p> <p>Proposal creates another inequality where Jetstar would be funding a level of CAA functions not in proportion to the level of supplemental support that provides to CASA under the auspices of mutual recognition. Suggest a more equitable approach may be cross recovery as outlined above.</p> <p>Lack of transparency in the proposal and seek further clarification as to the reasons and context for the proposal. Proposal being considered at Qantas Group level.</p>	<p>an ANZA operator and pay this to the CAA to cover its costs of operation. Such a provision would require high level negotiation and legislative changes, which is not considered appropriate for this issue.</p> <p>Currently each authority is limited to recovering the costs of work its staff perform under cross-delegations for ANZA <i>air operator certificates</i>. To do this the authorities would need to negotiate an arrangement and rates at which they would do work for each other. It would also require staff to be trained in the other regulator's system and given appropriate delegations. At present there is no demand for this, as each authority prefers to conduct its regulatory oversight with its own staff, who are fully familiar with its rules and requirements.</p> <p>The CAA believes that the principles of mutual recognition are maintained in the proposal and there is no duplication or double charging. NZ operators in Australia pay the fuel tax as do domestic Australian operators. Similarly, Australian ANZA operators benefit from operating in a safe regulatory environment and the proposal matches those benefits with a fair contribution.</p>
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The price methodology is such that the overall levy contribution to the CAA's task in regulating and promoting aviation safety in NZ is discounted by the amount of the levy applied in the subsidisation of the costs of direct regulation of airline operations in NZ. The proposal reflects the current policy approach of using the revenue from levies to defray the costs that are charged to operators for direct regulatory oversight.

It is recognised that there is cross subsidisation, but this will be addressed in the long term review of fees, levies and charges.

The CAA does not believe there is inequality in the proposal and notes the views of other stakeholders that the system would be inequitable if Jetstar did not pay a partial levy for the safety system it operates under in NZ. The proposal is intended to ensure that all operators make a contribution to the costs of the system in which they operate, thus avoiding free-riding and ensuring an equitable market for airlines in NZ.