



**PRESS RELEASE 28 August 2014**

**Aviation NZ comments on regional airfares**

Aviation NZ, the industry body representing the aviation sector in NZ, comments on regional airfares.

CEO Samantha Sharif says "Air NZ is performing very well which is great news for New Zealand as a whole in terms of Air NZ's active role in promoting and supporting NZ Inc. However, with an increase in profit of 45% this has generated questions on regional airfares.

The reality is aviation infrastructure is very expensive and freight and passenger volumes are what helps drive down the unit cost, so as there are fewer passengers in the regions, the prices will tend to be higher. We don't think more regulation is the answer here. The NZ aviation industry is already heavily regulated, with industry bearing the majority of the funding costs of the CAA, whereas for other transport sectors, such as marine, the government picks up much more of these costs directly.

Requiring airlines to provide information disclosure under the Commerce Act will increase the costs of providing the service further and ultimately these costs will be passed on to the passenger.

With 40 registered airlines in NZ today, if prices are uncompetitive, another entrant will take the opportunity to come in and offer lower fares, as we have seen happen previously.

We certainly support the growth of regional aviation services and are looking forward to having a conversation with the Government about how we can work together to support this growth."

**For more information, please contact:**

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**Notes for Editors:**

**BACKGROUND**

**Key facts about Aviation New Zealand**

Aviation New Zealand exists to lead, inspire and grow the New Zealand aviation industry.



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It was established in 1950 to encourage the safe growth of the aviation industry in New Zealand. In more recent years, it has also become involved in helping the international development of its members.

- Aviation New Zealand has over 600 members
- Members include agricultural companies, air operators (fixed wing and rotary), aircraft designers and manufacturers, airports, aviation trainers, emergency and medical services companies, helicopter companies and parts manufacturers.

**Key facts about aviation in New Zealand**

An 'early adopter' in aviation terms – first international customer for Boeing; first pilot training school 1916; first airmail 1919; and quick appreciation of the suitability of aviation for agriculture, tourism and forestry.

4502 aircraft in New Zealand, one per thousand people, giving New Zealand one of the highest aircraft per capita ratios in the world.

Decades of policy innovation to support competition, safety and growth; 30m km<sup>2</sup> of safely managed airspace; and exports to over 80 countries on all continents.

Aircraft fit-outs, new aircraft (including UAVs), GPS track and tracing systems, high precision processes (for example bait and fire fighting), composites, titanium powders, and aviation industry business and operational systems are just some of the exciting technologies and practices developing in New Zealand which set the scene for growth in the next 100 years.