15 May 2026

# Submission on Airways FY27 Price Reset Consultation

1. The Aviation Industry Association (AIANZ) appreciates the opportunity to provide feedback on the proposed FY27 Price Reset.
2. We represent a wide range of organisations across New Zealand's commercial aviation sector. This includes operators, maintenance and engineering businesses, training providers, and aviation service and manufacturing companies. Our members work across many areas such as agriculture, freight, passenger transport, tourism, and newer technologies like drones.
3. We understand that Airways' revenue forecast for the period 1 July 2026 to 30 June 2027 falls outside the negative 2% range set for Target Pricing Revenue. However, AIANZ strongly believes that pricing should remain unchanged for the rest of the current three-year period. Increasing prices now would put more pressure on an already struggling industry and would not align with Airways' own long-term pricing approach.
4. Our view is based on the following points from Airways' own documents:

**1. Adhering to the pricing principles**

5. Airways' Pricing Framework (September 2025) says that pricing should be predictable, consistent, and stable, even when business conditions change. Resetting prices just one year into the cycle because of unexpected changes goes against this principle. Our members rely on stable pricing to plan their own businesses.
6. Framework also says pricing should be transparent and practical. However, the consultation document itself notes that current forecasts are more uncertain than in previous years. We think it is not appropriate to change prices based on forecasts that are openly described as uncertain.

**2. Using efficiency and cost savings first**

7. Section 5.3 of the Pricing Framework talks about efficiency and innovation, including reducing costs and carrying forward savings from major initiatives.

8. Right now, aviation businesses are dealing with high fuel costs and reduced services. To survive, they have had to find savings within their own operations as they cannot easily pass on fuel surcharges. We believe Airways, as a State-Owned Enterprise, should do the same and focus on reducing its own costs rather than passing those pressures on to its customers through higher prices.

**3. Impact on the industry**

9. The consultation document notes that airlines are already cutting routes and reducing services due to external pressures. Raising Air Navigation Service (ANS) charges in this environment risks making things worse. Higher costs may lead to even more service cuts, which then lowers traffic volumes and creates further revenue pressure for Airways. This becomes a negative cycle.

**4. Risk sharing should be fair**

10. The risk-sharing mechanism is meant to share risk between Airways and its customers. However, moving to a price reset at the first sign of lower revenue feels more like shifting the risk fully onto operators.

11. We also note that Airways has not clearly shown how far outside the negative 2% range the revenue forecast is. We encourage Airways to absorb more of this shortfall from its reserves during the current cycle, as many businesses in the industry are already doing, to help maintain stability across the sector.

**5. Disproportionate impact on smaller operators**

12. Smaller and regional operators have less ability to absorb sudden cost increases compared to larger airlines.  price increase risks pushing some operators to reduce activity or exit certain services altogether, which would weaken the overall aviation network.

**6. Unclear link between service improvement and price increase**

13. There is limited evidence in the consultation that the proposed increase will deliver immediate or tangible service improvements for users. Without a clear benefit, increasing fees at this time is difficult for operators to justify.

**Conclusion**

14. AIA recognises the challenges outlined in Airways' consultation. However, increasing prices at would place additional strain on an already pressured industry and undermine the stability expected from the current pricing framework.

15. With high uncertainty, ongoing cost pressures, and limited ability for operators—particularly smaller businesses—to absorb further increases, we believe a price reset is not justified. Priority should instead be given to maintaining pricing stability and focusing on internal efficiencies.

16. For these reasons, AIANZ recommends that Airways maintain or even reduce current pricing for FY27 to support industry stability and confidence.

17. We look forward to continuing to work with Airways to ensure that safe and reliable aviation remains accessible and affordable for all New Zealanders.

**End**

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