



Aviation
INDUSTRY
ASSOCIATION



Submission on the

Fire and Emergency NZ (FENZ) 2026-2029 Levy Consultation

17 May 2024

About us

1. The Aviation Industry Association (AIANZ) is the peak membership body that represents the interest of the commercial aviation industry in New Zealand. Founded in 1950, its overall goal is to and support a safe, sustainable, and resilient sector in New Zealand. So, while safety is front and centre of everything we do, we also enable our members and the wider aviation sector to grow and innovate.
2. The membership of the organisation includes more than 200 operators from small to large who operate aircraft in many sectors of the industry. They include flight and ground training, agriculture, scheduled and charter air transport services, freight, photography, search and rescue, surveillance, and tourism. Our membership also includes companies that service, maintain, design or manufacture for these sectors, including engineers. In more recent times, unmanned aerial vehicles (UAVs) or drones have become an important part of AIANZ's diverse membership.
3. New Zealand has the most aircraft per capita in the world that are integral to our economy and for traversing NZ's terrain in a brief period. The high number of helicopters, for example, have been vital to the swift response to Cyclone Gabrielle earlier this year and the Kaikoura earthquake in 2016. There are 4,600 aircraft and 900 helicopters operating in New Zealand. This represents one aircraft for every 1,120 people and one helicopter for every 5,700 people.
4. Our role is primarily a policy one that is supported by evidence-based advocacy and lobbying to Government and their agencies. We support members in regulatory matters, advancing professionalism in all safety matters while being recognised as the voice of the country's commercial aviation industry.
5. The Association itself is organised into six divisions which are:
 - a. New Zealand Agricultural Aviation Association (NZAAA)
 - b. New Zealand Helicopter Association (NZHA)
 - c. Unmanned Aerial Vehicles Association (UAVNZ)
 - d. Training and Development
 - e. Supply, Service and Engineering that includes the Aircraft Engineers Association (AEANZ)
 - f. Operations (including scheduled airlines and tourist flight operators).

Commentary

6. While the AIANZ welcomes the opportunity to submit on the Fire and Emergency 2026-2029 Levy Consultation, it is disappointing the Department of Internal Affairs (DIA), which oversees FENZ, did not consult with industry prior to the release of the public document. The lack of transparency as to how these proposals will affect our members has come as a 'bolt out of the blue.'
7. The AIANZ does not support the proposals contained in the Levy Consultation as they will place a significant and, in some cases, an unsustainable burden on domestic aviation operators in New Zealand who barely use FENZ services.
8. It is understood from the Consultation paper that FENZ is proposing an increase in levies of 5.2% to apply from 1 July 2026, but this comes on top of an increase of 12.8% from July 2024. These are significant increases that will place further compliance costs on many parts of the aviation industry that are only just emerging from the challenging economic conditions caused by the Covid-19 pandemic.
9. In the paper below, the Association has detailed the specific concerns for aviation, but at a general level, it has serious misgivings about FENZ's funding proposals which come at a time of cost excesses in recent years without any plan for cost savings in the agency.
10. There is also no rationale for significant increases to the non-residential property sector (where domestic aviation has been placed) who will end up cross-subsidising other parts of the system. Quite simply, the levy costs imposed on domestic aviation are unrelated to the general costs associated with FENZ services. With aviation grouped into the non-residential property sector, there is also no cap on the levies FENZ intends to charge domestic aircraft operators.

Aviation specific concerns

11. The aviation industry's concerns centre around the changes that are being proposed to Part 3 as these will affect AIANZ members and no longer exempt domestic aviation operations. We understand that aircraft insured, operated, and flying in New Zealand and either carrying passengers, goods or freight will be levied and pay 11.51c per \$100 insured with no cap. Under the current regime, such aircraft have been exempted from the FENZ levy. Some examples of what this could mean include:
 - An aircraft valued at \$1.5 million paying approximately \$1,700 in annual levies.
 - An aircraft valued at \$5 million paying approximately \$5,750 in annual levies.

- An aircraft valued at \$10 million paying approximately \$11,500 in annual levies.

Meantime, the levy on a motor vehicle is proposed to be a universal flat levy of \$40.12, irrespective of the vehicle's size or the fact that FENZ attendance at motor vehicle accidents takes up more than 10% of its resource.

12. The FENZ levy will also encompass search and rescue (SAR) aircraft. For example, an AW169 helicopter used for rescue services may attract a levy of approximately \$9,000 a year based on insured value. These very aircraft help FENZ with emergency SAR activity. Indeed, domestic aviation operators in general play a critical role in times of natural disaster. For example, our operators were to the fore for Cyclone Gabrielle, the Port Hill fires and other emergencies. This is a major and overlooked contribution to the social well-being of communities that supplements, supports and in some cases, even replaces the activities of FENZ
13. If domestic aircraft were using FENZ services to the level the agency believes they are, there may be justification for charging a levy, but the incident data from both the Civil Aviation Authority (CAA) and the Transport Accident Investigation Commission (TAIC) attests to negligible use, supporting the very reason for the exemption in the first place. Indeed, the data the AIANZ has been able to obtain is that just 0.045% of all FENZ responses concerned an incident or accident involving a domestic aircraft.
14. The other key point is that domestic aviation operators are already paying for fire services through landing charges imposed on them by airports to meet the cost of airport operated emergency services. Most major airports in New Zealand have their own fire units and have little need for the services FENZ provides. This means the levy on fire insurance has no resemblance to the costs borne by FENZ, either directly or indirectly. For example, Auckland International Airport states this in its own publication:

“Auckland Airport Emergency Services plays a key role at Auckland Airport, and is the largest privately owned fire brigade in the country...”
15. International aircraft are exempted from the FENZ levy because they operate from airports that are required under the CAA Part 139 rule to provide their own Rescue Fire Services (RFS). These airport-based services also lend support to FENZ at incidents or accidents not related to aviation.
16. The AIANZ views the proposal as ‘double-dipping’ in that the domestic aviation industry is paying landing charges at airports to genuinely cover the cost of airport rescue services and if the exemption is dropped, will also pay the Government through FENZ levies.

17. The levy proposals, if adopted in their current form, would be a blow to the aviation industry, at a time when many parts of it are only now emerging from difficult trading conditions post Covid. Imposing compliance costs of this nature could well be the death knell for some operators, but at the very least costs will need to be passed on to our customers and the travelling public, adding to overall inflationary pressures in the economy.

FENZ needs to look at operational efficiencies.

18. As many other Government agencies are now doing, FENZ needs to be assessing how it can deliver its services in a financially sustainable way that does not involve significant levy increases. There is little or no mention in the consultation document about delivery of improved or enhanced services with an increased levy and there is limited analysis of where cost savings can be made.

19. The DIA's own Regulatory Impact Statement (RIS) has said there are opportunities where cost-savings could be made, but the work to examine these has not been done. This work should also model the impact of lower fees increases.

Other aviation sector submissions

20. We understand there are other aviation organisations that are concerned about these proposals, and they are providing separate submissions, all of which need to be given thoughtful consideration by FENZ.

Recommendations

21. That the 5.2% levy increases from 1 July 2026 do not proceed with an increased Government contribution considered.

22. That the exemption for domestic aviation, that includes aircraft insured, owned, and operated in New Zealand, continue in its current form.

23. That FENZ explore options to reduce levy increases through operational efficiencies or cost-savings.

End

Simon Wallace
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Aviation Industry Association (AIANZ)