

**SUBMISSION TO THE CLIMATE CHANGE COMMISSION'S CALL FOR EVIDENCE  
ON INCLUDING INTERNATIONAL AVIATION EMISSIONS IN NEW ZEALAND'S  
NATIONAL EMISSIONS REDUCTION TARGET**

**1. EXECUTIVE SUMMARY**

The New Zealand Airports Association ("**NZ Airports**") thanks the Climate Change Commission for the opportunity to provide a submission to the Commission's call for evidence on the question of including international aviation emissions into our national emissions reduction target.

This submission does not include any evidence on advanced aviation technology or engineering as we do not hold that expertise, however it will focus on the likely competitive and international access consequences of New Zealand including international aviation emissions in its national emissions reduction target.

**2. THE NEW ZEALAND AIRPORTS ASSOCIATION (NZ AIRPORTS)**

The New Zealand Airports Association ("NZ Airports") is the industry association for New Zealand's airports and related businesses. Our members<sup>1</sup> operate 46 airports across the country including the international gateways to New Zealand. This infrastructure network is essential to a well-functioning economy, and enables critical transport and freight links between each region of New Zealand and between New Zealand and the world.

**3. CONTACT**

Contact point:

Steve Riden  
Policy Director  
New Zealand Airports Association

**Address for Service:**

Steve Riden  
New Zealand Airports Association Inc.  
P O Box 11 369  
Manners Street  
**WELLINGTON 6142**

**Telephone:** (04) 384 3217

**Email:** [steve.riden@nzairports.co.nz](mailto:steve.riden@nzairports.co.nz)

---

<sup>1</sup> Our member airports include Ardmore Airport, Ashburton Airport, Auckland Airport, Chatham Islands Airport, Christchurch Airport, Dunedin Airport, Gisborne Airport, Hamilton Airport, Hawke's Bay Airport, Hokitika Airport, Invercargill Airport, Kapiti Coast Airport, Kaikohe Airport, Katikati Airport, Kerikeri Airport, Marlborough Airport, Masterton Airport, Matamata Airport, Motueka Airport, Nelson Airport, New Plymouth Airport, Oamaru Airport, Pauanui Airfield, Palmerston north Airport, Queenstown Airport, Rangiora Airport, Rotorua Airport, Takaka Airport, Taupo Airport, Tauranga Airport, Te Kowhai Aerodrome, Thames Aerodrome, Timaru Airport, Wairoa Airport, Wanaka Airport, Whanganui Airport, Wellington Airport, West Auckland Airport, Westport Airport, Whakatane Airport, and Whangarei Airport.

#### 4. COMMENTS

NZ Airports is supportive of the New Zealand's Government's goal of decarbonising transport. We endorse the Climate Change Commission's and the Ministry of Transport's Green Paper's approach that decarbonising New Zealand's aviation sector needs to be focused on changes that are technologically possible at this time while also studying, enabling, and then encouraging the necessary future technological changes that will be required to achieve decarbonisation.

The necessity and value of aviation to New Zealand's economy and to New Zealanders cannot be over-stated. Due to its geographic isolation, small population size, and open economy, New Zealand is the OECD member most heavily dependent on international aviation services, and that those air connections remain high frequency, efficiently run and affordably priced.

A further factor making New Zealand economically and socially dependent on economical and efficient international aviation linkages is that our per-capita GDP is substantially lower than the OECD average. Higher costs and hence higher priced international flights will have substantial, and relatively greater, detrimental effects on New Zealanders than in comparable nations.

The minimum distance between New Zealand and an equivalent sized population is 2,450km (Auckland to Sydney). Looking further beyond Trans-Tasman flights, journeys by air to the world's major population and economic centres are several hours long and many thousands of kilometres. For international travel, aviation is the only realistic timely option.

NZ Airports submits that the original legislation establishing the Climate Change Commission was correct to exclude international aviation and maritime emissions from New Zealand's emissions budgets and the national emissions reduction target, which was in recognition of both the practical difficulties it posed and the global mechanisms then in development. The CORSIA global mechanism was in the very early stages of implementation in 2019, with an average of 2019 and 2020 as the baseline. The rationale for CORSIA's establishment was the extreme difficulties that any single nation would have in monitoring and reducing international aviation emissions by its independent action. We do not believe the mechanisms for national monitoring and assigning emissions from international aviation have improved since the 2019 legislation was passed.

We encourage the Commission to consider if 2024 is the correct time to make the decision on whether to bring international aviation emissions into New Zealand's 2050 target, given the CORSIA global mechanism is still today in its early phases. We note CORSIA's development was delayed for three years by the COVID-19 pandemic.

This poses the broader conclusion the Commission will have to credibly reach to recommend bringing international aviation emissions into the national 2050 target: that including international aviation emissions in New Zealand's 2050 target would have a greater impact on the overall purpose – to have such emissions accounted for and reduced – more effectively and at lower cost than using a global mechanism to arrive at the same result. As noted above, New Zealand is the developed nation most heavily dependent on international aviation for our economy and maintaining its modernity, so this is not a trivial question for New Zealand's future prosperity.

A further question that would need to be decided if international aviation emissions are included is this: should the international aviation emissions have a separate target (like biogenic methane has) to reflect that much of the emissions would be outside our jurisdiction or control, and currently with no technical solutions, therefore it warrants being treated separately?

We see it as impracticable and politically impossible for international aviation emissions to be included in the New Zealand emissions reduction target but not to be included in the Emissions Trading Scheme. If international aviation emissions are not in the ETS (or included at some lower or zero rate), then New Zealand's population would be charged full rate for their emissions from fossil fuel use for industrial production, land and domestic air transport, but not New Zealanders flying internationally, and neither would international visitors. The burden of emission reduction would fall entirely on New Zealand's domestic users in the form of both paying the full ETS price to discourage fossil fuel use and through changing how they travel.

If there was a charge or levy attached to the emissions from the fuel used on international flights, this would create a financial incentive for airlines and air freighters to reduce the amount of fuel carried, which would reduce flight safety margins, or to falsify the fuel type (SAF) used to minimize apparent emissions. The prospect of misreporting SAF use (and the type of SAF) for inwards flights raises the possibility of repeating the international offsets fraud New Zealanders saw in the past.

Another impact of a New Zealand levy on fossil fuels used for international flights would be for flights departing New Zealand to become as short as possible to reduce the amount of fuel levy paid. It is a reasonable prospect that departing flights would head to Australia's eastern seaboard airports or Pacific Island airports (depending on their onwards destinations) to minimize use of expensive NZ-levied fuel. At those airports the aircraft could refuel using fuel that does not pay the New Zealand fuel levy and then continue their journey. This illustrates the complexities and reasoning behind why national taxes on international aviation fuel have rarely been introduced or lasted for long. Airlines are easily able to arbitrage varying fuel taxes between nations to reduce costs and consequently a single global tax or levy would be required for success.

The same effect would be seen for arriving flights; travelers and air freight to New Zealand would travel to the eastern seaboard of Australia and then fly on to New Zealand to shorten the distance and hence emissions they would be liable for under the New Zealand international aviation emissions / ETS-like scheme.

Furthermore, because of levying an emissions rate similar to or equivalent of the ETS, airlines would greatly reduce their direct services to New Zealand or cease services altogether. New Zealand is already a marginal destination for international airlines to fly to because it is a very small market of relatively lower-income people (by OECD standards) who need to be carried over very long distances. Airlines will make the pragmatic decision that it is a better use of their capital invested in aircraft and crew to service more profitable routes between larger populations with deeper pockets, and shorter distances. The number of airlines servicing New Zealand would reduce and the aviation market would get less competitive. Consequently, the remaining airlines would have greater pricing power in the market, and ticket and airfreight prices would increase by more than just the cost of the international aviation fuel levy. The reduction in passenger services would also have a negative impact on export freight capacity, flexibility, and reliability.

NZ Airports would also like to submit there are several practical and jurisdictional difficulties of New Zealand including the emissions from international aviation into our own New Zealand emissions reduction targets. The emerging use of SAF, either as a complete replacement fuel or as a blending fuel, makes these problems much more complex.

The quantity of GHG emissions released depends on the amount of fuel and its type used in international flights to and from New Zealand, in a similar way that emissions from land transport are measured and levied for the ETS by its fuel type and use. While it would be comparatively simple for the New Zealand government to monitor the amount and type of

fuel loaded into a departing aircraft for an international flight to a known destination and hence its emissions per liter, it has no reliable way of monitoring or estimating the fuel loaded or its SAF/non-SAF ratio for that aircraft to fly into New Zealand except by testing the remaining fuel after the flight lands to see exactly what fuel was used. Therefore, emissions from fuel amount and type could only be reliably estimated on departing flights, but not arriving flights.

In addition, the actual level of emissions from any given flight depends on the fuel type and amount used. This also varies on the precise route taken, weather conditions such as wind direction and strength, airspeed, flight profile, the aircraft's loading, etc., so estimations of the fuel used and hence reported or estimated emissions from aircraft arriving into New Zealand would always be open to challenge or deliberate misreporting. Precisely the same difficulties would occur for departing flights if airlines were asked to give an accurate account of the amount of fuel they used during that flight, even if the government could verify the amount and type of fuel loaded at a New Zealand airport.

The Climate Change Commission also needs to consider the impact of including international aviation emissions on the Pacific Island nations we are an aviation gateway for, and our broader relationship with those nations. NZ Airports also notes that those nations are already served by flights from Australian airports and by Australian airlines, so there is an existing and easily expanded substitute for the New Zealand-departing/arriving flights that would incur an international aviation emissions levy.

## 5. RECOMMENDATIONS

In summary, NZ Airports questions a) if the decision should be made next year given the early stage of implementing CORSIA, b) the severe consequences on service levels and air travel prices in New Zealand acts alone ahead of all other nations we fly to and from, and c) the sheer complexity and administrative difficulties that would occur if New Zealand tries to monitor actual emissions from aviation given the complicating factors of SAF and fuel tankering, legitimately differing flight profiles, etc.

While jurisdictions like the UK and EU have taken steps to incorporate international aviation emissions within their regimes, the profile of New Zealand as a much less populous, isolated, long-haul destination is very different from both in terms of our dependence on aviation, our economy and the commercial landscape of airlines prepared to service NZ routes. We do not believe UK or EU-based analysis on carbon leakage, for instance, can be carried over to the NZ context.

These are challenging policy considerations, and we welcome the Commission's call for evidence this year, well ahead of the legislated timetable for making a recommendation at the end of 2024. NZ Airports would be pleased to engage with the ongoing development of the Commission's thinking about the recommendation and we would like to contribute to future policy development.

**Date:** 31 July 2023