



6 April 2026

OC260250

**Hon Nicola Willis**

**Action required by:**

Minister of Finance

Wednesday, 15 April 2026

**Hon David Seymour**

Associate Minister of Finance

**Hon Shane Jones**

Associate Minister of Finance

**Hon Chris Bishop**

Minister of Transport

**Hon Simeon Brown**

Minister for Energy

**Hon James Meager**

Acting Minister of Transport

Cc: **Hon Christopher Luxon**

Prime Minister

## **JET FUEL RESPONSE PLAN**

### **Purpose**

Information on the proposed Jet Fuel Response Plan, covering the phased approach, allocation model, recent intelligence from South Korea, and updates on jet fuel forward orders.

### **Key points**

- <sup>S 8(a)</sup> [REDACTED]
- Avgas is imported as a 'boutique' fuel on chemical tankers (rather than the bulk tankers used for petrol, diesel, or jet fuel) with a shipment due around every six weeks. <sup>S 9(2)(g)(i)</sup> [REDACTED]

[REDACTED] This briefing is therefore focused solely on jet fuel.

- The proposed Jet Fuel Response Plan has been developed with the industry. It aligns with the overall intent of the Fuel Response Plan, and we will seek the Ministerial Oversight Group's endorsement at your meeting on 22 April, alongside other papers on Phase 3 readiness.
- Phase 2 is primarily about better, faster visibility—more frequent, granular data from importers, suppliers, airports, and airlines to improve forecasting and early intervention.  
s 9(2)(ba)(i)  
[REDACTED] . We consider the market continues to operate effectively for now and jet fuel is available nationwide.
- Phase 3 would introduce a nationally coordinated allocation model that temporarily limits uplift, with allocation levels set to match the size and duration of the jet fuel gap. The aviation sector is familiar with such models and supports a government-led, industry-partnered approach if allocations are required. The allocation model would be guided by clear principles—transparent, even-handed, predictable, and providing early notice, with a preference to give around seven days' notice where possible.
- Decisions to move between phases would continue to be based on the same core assessment criteria and decision-making process as for petrol and diesel. However, for jet fuel, we propose an additional criterion to help inform any potential transition from Phase 2 to Phase 3: when the MSO is forecast to fall below 24 days, with no supply expected to restore it above that threshold within five days from within New Zealand's exclusive economic zone (EEZ).
- A Jet Fuel Response Lead has been appointed to monitor the allocation model and, where necessary, mediate issues between airlines, airports, and fuel suppliers.

## Recommendations

We recommend you

- 1 **Note** the proposed direction of the Jet Fuel Response Plan, and that Ministerial Oversight Group endorsement will be sought on 22 April.

Ruth Fairhall  
Deputy Chief Executive Policy Group

6 / April / 2026

Hon Nicola Willis  
Minister of Finance

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Associate Minister of Finance

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Hon James Meager  
Acting Minister of Transport

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Minister's office to complete:

☐ Approved

☐ Declined

☐ Seen by Minister

☐ Not seen by Minister

☐ Overtaken by events

Comments

#### Contacts

| Name                                               | Telephone | First contact |
|----------------------------------------------------|-----------|---------------|
| Ruth Fairhall, Deputy Chief Executive Policy Group | s 9(2)(a) | ✓             |
| Siobhan Routledge, Director Aviation               | s 9(2)(a) |               |
| Carolina Durrant, Manager Aviation                 | s 9(2)(a) |               |

## JET FUEL RESPONSE PLAN – UPDATE AND NEXT STEPS

### Jet fuel supply constraints require a tailored response

- 1 Jet fuel is a refined petroleum-based fuel used to power jet and turboprop aircraft. Jet fuel is imported by three importers (Z Energy, BP, Mobil).
- 2 About 80 percent of New Zealand's jet fuel is imported to Marsden Point, with the remainder imported to terminals at Wellington, Christchurch, and Dunedin. Jet fuel is then supplied to the major airports. The vast bulk of jet fuel is uplifted across a handful of major refuelling hubs (airports) by commercial airlines operating international routes.
  - 2.1 Auckland Airport: jet fuel is sent from Marsden Point to Wiri Oil Services via the Ruakaka-Auckland Pipeline (RAP). The Wiri to Auckland Airport Pipeline (WAP) brings jet fuel to the airport JUHI (Joint User Hydrant Installation). The JUHI system at Auckland Airport holds two days' worth of jet fuel.
  - 2.2 Wellington Airport: jet fuel is imported to the Miramar terminal where it is piped to the Wellington Airport JUHI.
  - 2.3 Christchurch Airport: jet fuel is imported to Lyttelton where it is trucked to the Christchurch Airport JUHI which holds 2-3 days' worth of jet fuel.
  - 2.4 Dunedin Airport: a comparatively small amount of jet fuel is imported to the Dunedin Port terminal and trucked to Dunedin Airport.
  - 2.5 Queenstown Airport: jet fuel is trucked to Queenstown Airport from the Dunedin Port terminal. Almost all flights must refuel at Queenstown Airport. Jets (e.g. A320s) will try and carry as much fuel as they can when flying into Queenstown. These flights often have full loadings which restricts how much extra jet fuel they can carry to stay within flight-path weight limits.
- 3 Jet fuel at other aerodromes is received via road and is provided by distributors (such as Air BP, RD Petroleum, AirFuels, GOfuel Aviation etc) and not the jet fuel importers. Trucking costs increase the price of jet fuel at these airports.
- 4 s 9(2)(b)(iii) 
- 5 Jet fuel is used across a wide range of aviation activities in New Zealand. This includes large wide-bodied aircraft operating international services, domestic jet aircraft on main trunk routes, and ATR turboprop aircraft that underpin regional connectivity. Jet fuel is also relied on by smaller regional airlines, as well as by a range of non-commercial operators such as emergency services (including air ambulance, search and rescue, and defence aviation) and agricultural aviation operators. As a result, disruptions to jet fuel supply can have system-wide impacts across both commercial aviation and essential services.

- 6 Jet fuel prices had increased significantly since the conflict began, prompting airlines including Air NZ and Jetstar to consolidate services to reduce fuel consumption and manage costs. We regularly discuss with airlines if increased ticket pricing is affecting demand.
- 7 Avgas prices have also risen significantly, increasing by close to \$1 per litre since early March, placing additional cost pressure on general aviation and agricultural operators. Avgas (aviation gasoline) is used by smaller piston-engine aircraft, typically in general aviation, including flight training, private flying, and some tourism operations. Some smaller regional airlines such as Stewart Island Air use Avgas. Avgas is not used by commercial jet or turboprop airlines and represents a much smaller share of overall aviation fuel demand in New Zealand. There is one major importer (BP) of Avgas to New Zealand. Avgas is imported as a 'boutique' fuel on chemical tankers (rather than the bulk tankers used for petrol, diesel, or jet fuel) with a shipment due around every six weeks. <sup>s 9(2)(g)(i)</sup>
- 8 This briefing is therefore focused solely on jet fuel.

#### **New Zealand's jet fuel is largely supplied from Singapore and South Korea**

- 9 [Commercial in confidence] Ministers receive twice weekly updates from Ministry of Business, Innovation and Employment (MBIE) on fuel stocks, with the latest update provided on 3 April. <sup>s 9(2)(b)(ii)</sup>

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#### **We have been working with the aviation industry and jet fuel suppliers to develop a proposed Jet Fuel Response Plan**

- 11 Past disruptions have demonstrated that allocation measures can be required suddenly and with very little warning. The Ruakura – Auckland pipeline incident in 2017, and contaminated fuel shipments in 2022 and 2023, each required allocation measures to be applied at specific affected airports. In these instances, allocation was administered by the jet fuel importers who supply fuel to those airports — the companies responsible for importing and storing jet fuel and managing its distribution to airlines and other users at that location.

<sup>1</sup> As at 11.59pm, 1 April.

- 12 An allocation model is a structured decision-making framework used by fuel suppliers, airport operators, or government authorities to systematically distribute available jet fuel supplies among competing users such as airlines, freight carriers, charter operators, and essential services.
- 13 Through our consultation with the aviation industry, the lessons from these disruptions have been shared and considered in developing this plan. Those lessons speak to the importance of having pre-agreed allocation principles, a preference for government oversight, to ensure an even-handed approach where all parties are subject to the same allocation percentage, and established communication protocols in place before a shortage occurs — so that when a disruption does arise, the industry is not designing its response from scratch under pressure. Airlines are also looking for a model that provides them with as much notice as possible so they can plan the required operational changes (e.g. start planning for cancellations or consolidating flights).
- 14 For slightly delayed shipments into airports other than Auckland, we would manage any resulting shortfall locally by allocating the available fuel at the affected airport across the airlines that uplift there. The Jet Fuel Response Plan is primarily intended for scenarios where supply disruption is nationwide and/or centred on Auckland, where the scale and system impacts would warrant a coordinated response and potentially broader allocation settings.

**The proposed approach for the Jet Fuel Response Plan fully aligns with the overall intent of the Fuel Response Plan**

- 15 Decisions to move between phases continue to be based on the same core assessment criteria and decision-making process as for petrol and diesel.
- 16 *Phase 1 – watchful.* New Zealand is currently in Phase 1. The fuel market is operating effectively and fuel is available nationwide. However, prices are rising due to global market changes. This phase is about supporting the market and making sure Kiwis have good information. For aviation, this includes monitoring and reporting on jet fuel stocks and shipments and using voluntarily provided information to determine jet fuel supply and demand.
- 17 *Phase 2 – precautionary.* Government will continue to seek information and data from jet fuel importers and airlines to build a more complete, timely, and up-to-date picture of jet fuel supply and demand, including offshore supply availability. Officials will use this information, alongside intelligence on the upstream crude oil supply chain, to adjust the allocation model as needed. <sup>s 9(2)(b)(ii)</sup>
- [Commercial and In Confidence] Air NZ is likely to announce additional consolidations during the week of 6 April, and we will keep you informed through the SitRep updates. We consider the market continues to operate effectively for now and jet fuel is available nationwide (refer paragraph 7).
- 18 Ministry of Transport and MBIE officials have developed regulatory proposals to enable enhanced information disclosure, should this be required in the future. Air New Zealand has provided its thoughts about some regulatory relief ideas it considers could help save fuel. The Ministry of Transport will assess these ideas.

- 19 *Phase 3 – managed.* In this phase, a jet fuel allocation model will be applied, based on the principles of transparency, even-handedness and early notice. More detail on the allocation model is outlined in paragraphs 22 to 35 below.
- 20 *Phase 4 – protected.* Shifting to the Protected Allocation phase will only occur if there is sustained supply disruption that risks fuel supply shortages to critical and s 9(2)(g)(i) services. Phase 4 will also be government-led in partnership with industry. However, it will be more directive and will prioritise jet fuel supply to the critical and essential bands identified under the National Fuel Response Plan 2026.
- 21 Annex A outlines the Jet Fuel Response Plan.

### Features and principles underpinning an allocation model

- 22 After close collaboration with the aviation industry and fuel suppliers<sup>2</sup>, we propose the allocation model include the following key features.

#### *Notice that an allocation is necessary to be provided early*

- 23 The longer the notice that can be provided, the more readily the aviation industry can make schedule changes (rostering changes for staff, consolidating routes, and redeploying aircraft). Airlines have signalled that they prefer a seven-day minimum notice period.
- 24 Demand and supply forecasts will be monitored closely, incorporating comprehensive monitoring of stock levels relative to the MSD, planned distribution routes and expected fuel draw, and information on the location of fuel supplies around the country.
- 25 So long as we continue to have good visibility of forward orders, we do not see any reason why early notice could not be provided. We have tested whether an early notice period could have a chilling effect on international airlines continuing to fly to New Zealand. The feedback has been that it would not, and that they prefer to know what the plan is. A lesson from Covid is that it took a long time for international airlines to return to New Zealand, with subsequent impacts for tourism and freight. Providing comfort to international airlines about our model will be important to retain confidence in New Zealand as a destination.

#### *Longer, shallow allocation measures are preferred to sharper, deeper measures*

- 26 Longer, shallow allocation measures provide airlines flexibility to manage their operations and reduces costs involved in re-rostering and rescheduling flights. Airlines operate complex, interdependent networks where a single schedule change can cascade across crews, aircraft, gates, and passenger connections. A sharp, deep reduction in fuel allocation — even if temporary — could force airlines to cancel or significantly restructure routes at short notice, triggering substantial costs in re-rostering crew, rebooking passengers, and renegotiating slot arrangements. A longer, shallower reduction, by contrast, gives airlines time to make gradual adjustments — reducing frequencies incrementally, retiring less efficient aircraft from the network, or shifting capacity between routes. It also provides more certainty for planning

<sup>2</sup> This includes, but is not limited to, the Board of Airline Representatives NZ, NZ Airports Association, Air NZ, Air Chathams, Auckland Airport, Wellington Airport, Queenstown Airport, the Aviation Industry Association of NZ, Mobil, BP and Z Energy.

purposes, since airlines can model a known, steady constraint more reliably than a steep but unpredictable one.

*Allocation is even-handed and we retain certainty for international, domestic and regional services*

- 27 A key principle is fair treatment with equal reductions for everyone. This enables the continued operation of international services alongside domestic and regional operations, avoiding judgements of importance.
- 28 The sector warns that, given intense competition, uneven approaches could have unintended consequences, including increased fuel tankering, reduced access for smaller operators, and fuel supplies being diverted away from vulnerable regions such as Pacific nations.
- 29 The equal allocation model retains neutrality across different parts of the aviation system and reflects that all parts are important and connected. It is also a simple and transparent approach. However, some have noted that there is the option of calibrating the model so that some users have greater access than others. This may be beneficial if you wish to minimise changes to the domestic sector or operations such as agricultural aviation. Ministry officials can provide more advice on the proportions if Ministers wish. However, our recommendation remains for an equal allocation model under response Phase 3.

*Allocation levels are clear and prescriptive*

- 30 The assigned allocation level will depend on the scale of the gap between fuel supply and demand. For instance, if there is a considerable delay in fuel arriving in the country, it may be necessary to decrease usage to match reduced supply—such as permitting access to only 90 percent or 80 percent of normal fuel consumption. Previously, during the Wiri pipeline disruption, airlines were instructed to uplift just 30 percent of their typical fuel uplift.
- 31 Some day-to-day flexibility might be needed to address operational issues, such as requiring extra fuel during worsening weather conditions.

*Emergency services are not impacted*

- 32 Emergency services will not be subject to the allocation model and account for a relatively small share of jet fuel demand.

**We propose the Government will oversee the model to ensure its principles are upheld.**

- 33 While industry is familiar with operating under an allocation model that has had limited government involvement, airlines have noted that they see benefit in this case for the model to have a greater oversight from government. This is in part due to the uncertain duration of the conflict and the resulting uncertainty about how long supply could be constrained, and the high commercial stakes.
- 34 Government oversight can offer greater assurance that transparency standards are consistently maintained, and natural competitive pressures are effectively managed. However, partnership with industry is important, given the existing commercial arrangements in place and the deep capabilities of all parties. Despite the competitive tensions, all parties also have an incentive to make the model work.



- 35 Ministry of Transport officials see the role of the government being to monitor the implementation of the model, and as necessary to moderate between parties.

**We propose a refined criterion for shifting to Phase 3 for jet fuel, that supplements the national fuel response plan's criteria**

- 36 The refined criterion for shifting to Phase 3 is when the jet fuel MSO is forecast to fall below 24 days, with no jet fuel supply expected to restore it above that threshold within five days from within the EEZ.
- 37 When this criterion is met (alongside the other criteria), the first step would be a discussion with the aviation industry and fuel suppliers. This is followed by the expected process: officials provide advice on whether Ministers should meet.
- 38 Ministers would then decide on a phase shift — or, if the sector is already operating under Phase 3, whether to adjust the allocation level.
- 39 If Ministers were to agree to a phase shift, a further discussion would be held with the aviation industry and fuel suppliers to inform advice to Ministers on an appropriate allocation level. If Ministers do not agree to a phase shift, no such discussion takes place, and the current arrangements remain in effect.
- 40 Annex B outlines the decision process.

*The Ministry has appointed a Jet Fuel Response Lead to monitor the operation of the allocation model and act as a moderator between the aviation industry and fuel suppliers*

- 41 The Ministry has appointed Kevin Short, a former Chief of the Defence Force with extensive operational, supply chain, and aviation experience, to oversee the operation of the jet fuel allocation model. As Jet Fuel Response Lead, Mr Short will collaborate with industry to ensure fair and transparent implementation of allocations. While the role does not require regulatory authority, its effectiveness depends on industry cooperation and constructive problem-solving.

- 42 The jet fuel allocation model is a non-regulatory mechanism. <sup>s 9(2)(h)</sup>

*Practical considerations*

- 43 Implementing the allocation model will raise various practical issues, such as agreeing each airline/operator's normal uplift baseline, and unforeseen operational needs due to weather diversions. We do not see these as insurmountable, and industry is keen to work with us to undertake more detailed design work. If Ministers agree to endorse the Jet Fuel Response Plan on 22 April, we will rapidly complete this further work (refer paragraph 51 below).

*Jet fuel needs of the New Zealand Defence Force are considered under the public sector response plan*

- 44 We note, the New Zealand Defence Force (NZDF) will not be subject to the jet fuel allocation model. Given the nature of NZDF operations and the importance of maintaining defence capability, <sup>s 6(a)</sup>

s 6(a) This recognises that defence activities sit within the government's wider responsibilities and are more appropriately managed through that lens rather than through a commercial allocation framework designed primarily around civilian aviation. s 6(a)

*The Pacific Islands are vulnerable to reduced supply of fuel and loss of services, and this may have long-term geopolitical and economic consequences*

45 There are also Pacific dimensions for New Zealand to consider in its domestic planning for aviation fuel. s 6(a)

*An essential level of air operations must continue between New Zealand and the Ross Dependency to keep Antarctic stations functioning and preserve life and safety*

46 There are essential and emergency operations that need to continue at Antarctic stations in the Ross Dependency to keep people there alive and safe, and to preserve the environment, and critical long-term science data sets. These operations require fuel reserves in Antarctica, and access to aviation fuel in Christchurch. New Zealand has treaty-level cooperation agreements with US, Italy, and Korea, which include commitments to facilitate their Antarctic Programme operations through New Zealand. s 6(a)

47 s 6(a)

48 s 6(a)

Access to jet fuel for these partners will be a critical factor for maintaining operations at Scott Base, and other Antarctic stations in the Ross Dependency. As we are now in the Antarctic winter season the number of Antarctic flights currently being undertaken are minimal, or for medevac purposes. More substantial air operations to the Ross Dependency would recommence from around August. MFAT is engaging closely with agencies, s 6(a) to build a clear understanding of the jet fuel supply that would be required for maintaining the Antarctic air link once the 2026/27 summer season commences (from around August until February). In normal circumstances flights would be conducted multiple times per week over this period.

49 As we continue to refine the allocation model, we will take account of these matters.

## Agency consultation

- 50 We consulted MBIE, the Ministry for Primary Industries, and MFAT on this paper. We plan consultation with other agencies (e.g. Treasury) before your meeting on 22 April.

## Next Steps

- 51 We intend to hold ongoing meetings with the aviation industry as we continue to develop and refine the operational detail of Phase 3 for jet fuel. These discussions will be important in ensuring that the framework is workable in practice and reflects the realities of how the sector operates. Some specific areas to work through will include, but are not limited to:
- 51.1 how allocation amounts are determined and distributed
  - 51.2 information disclosure
  - 51.3 how the process will be communicated and administered during a shortage, and
  - 51.4 how the needs of regional and remote communities will be factored into allocation decisions.
- 52 Officials are committed to an iterative and consultative process, and the framework will be updated to reflect what is gleaned through these ongoing engagements.
- 53 We also note that work on freight matters, including air freight, is ongoing. You will be advised in due course.

PROACTIVELY RELEASED BY MINISTRY OF TRANSPORT TE MANATU WAKA

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