

## Questions and Answers – Jet Fuel Response Plan announcement

### **1. Why has the Government developed a Jet Fuel Response Plan?**

Jet fuel is critical to New Zealand's aviation system, including regional travel, freight, tourism, emergency services and international connections. While supply remains adequate, global uncertainty means conditions could change. The plan makes sure there is a clear framework in place early to keep the system running if supply tightens.

### **2. Is there currently a jet fuel shortage?**

No. Jet fuel is currently available nationwide and we are not seeing supply shortages. The plan is about preparedness and readiness, not responding to an immediate shortage.

### **3. What is the likelihood of our fuel supply chain being disrupted?**

The government commissioned Envisory, an independent fuel sector consultancy, to assess plausible fuel shipment disruption scenarios. We combined that assessment with internal modelling to test the likely scale and duration of fuel disruptions.

Modelled scenarios indicate that it is highly unlikely we would ever get to Phase 3 or 4 of the Jet Fuel Response Plan, but we are ensuring that New Zealand is prepared for whatever the global environment brings. It is better to have a plan you don't use, than to need one and be caught short.

### **4. Where does the jet fuel plan sit in relation to the Government's phased approach?**

The Jet Fuel Response Plan sits within the Government's Fuel Response Plan, using the same four-phase structure.

This ranges from Phase 1, which focuses on monitoring and engagement, through to Phase 2, which adds more data sharing and continued industry demand management. Phase 3 would only be used if needed, introducing Government-led, industry partnered approach to allocating jet fuel. Phase 4 is for a serious and prolonged disruption, where fuel is prioritised for critical services.

New Zealand is currently in Phase 1 of the Jet Fuel Response Plan.

### **5. What happens in Phase 2 of the Jet Fuel Response Plan?**

Phase 2 focuses on improving visibility and readiness and preparing for a potential move to Phase 3. This includes:

- More frequent and detailed data from importers, suppliers, airports, and airlines
- Government and industry will test scenarios to make sure that, if an allocation model needs to be put in place, everyone is clear on how it will operate. This is about being prepared.

While we are only in Phase 1, many airlines have already been reducing fuel use through steps like consolidating flights, consistent with Phase 2 conditions. This is largely being done in response to the higher price of jet fuel.

## **6. What happens at Phase 3?**

While Phases 1 and 2 are about monitoring and readiness, Phase 3 requires a more co-ordinated national approach to jet fuel with the introduction of an industry-led national allocation model for jet fuel. Industry has already signalled their willingness to participate in the model. The government will support industry by setting the allocation level and duration and monitoring compliance.

A move to Phase 3 would only be considered if forecasting shows a material risk to continued supply. Specifically, and in addition to the existing criteria under the fuel plan, Phase 3 can be triggered if jet fuel levels are projected to drop and remain below Minimum Stockholding Obligations levels for five days.

Decisions would be made by Ministers and based on advice informed by industry engagement.

## **7. What happens at Phase 4?**

Phase 4 indicates serious, ongoing disruption. The government would take a more hands-on approach to allocating jet fuel, prioritising essential services like emergency response, freight, key regional routes, and critical international connections so these can keep running.

## **8. What is the jet fuel allocation model?**

The allocation model is a temporary, structured framework to reduce jet fuel use if supply tightens. It is designed to ensure that, if we have concerns about the supply of jet fuel, that there is a predictable allocation framework that gives certainty and transparency to airlines so that they know how much jet fuel is available to them. The aviation sector is familiar with similar models from previous disruptions, such as the Ruakaka to Auckland pipeline breakage in 2017. Industry will be responsible for self-managing the fuel allocations set by government. Government will provide oversight to make sure that the model's principles are being adhered to. The allocation will be set according to principles agreed between government and industry – early notice, long and shallow, even and transparent, clear and prescriptive.

## **9. What might this look like in practice?**

As an example, the government may set an allocation at 80% of planned demand for a period of one month.

Airlines would have at least seven days' notice to prepare and implement the allocation. This would likely include consolidating flights, moving customers onto new bookings, and potentially adjusting flight schedules beyond the allocation period. Fuel companies would continue to sell fuel on a usual commercial basis. The government would provide light-touch oversight and will be able to facilitate discussions between fuel suppliers and airlines if needed.

Airlines would retain commercial decision-making within the 80% allocation rate. For example, if a two-week school holiday period falls within the month-long allocation period, airlines may choose to use 100% of their allocation during the peak weeks and less than 80% in the other two weeks, so that total fuel use across the month remains within the 80% allocation.

## **10. How would allocations be applied?**

If implemented, jet fuel suppliers will work with airlines to allocate jet fuel in line with the levels set by the government. The government will provide light-touch oversight and monitor the operation of the model to ensure that the model's principles are followed. The Ministry of Transport has

established a Jet Fuel Response Lead who will provide this role, working closely alongside fuel suppliers and airlines. The actual level of the allocation would depend on the expected scale and duration of the disruption. Restrictions would be lifted as soon as conditions allow.

#### **11. Why has a Jet Fuel Lead been established in the Ministry of Transport?**

The Jet Fuel Response Lead role was established to strengthen coordination between government and industry and ensure a clear, informed and fair response to any emerging fuel supply risks. The position provides oversight of jet fuel supply and demand, supports early identification of potential shortfalls, leads engagement with industry, and will help develop advice on appropriate response options.

#### **12. How much notice would industry receive if allocations were introduced?**

The Government would aim to provide as much advance notice as possible, with industry indicating that a minimum of seven days' notice supports effective operational planning. Enhanced monitoring and co-ordination in Phase 2 will allow for early warning.

#### **13. What are officials doing to monitor jet fuel supplies? How confident are we that there is sufficient supply?**

Officials are working closely with the aviation industry, including jet fuel importers, airports and airlines to ensure that we have visibility over jet fuel stocks and supplies. Industry is providing officials with a wide range of information needed to monitor the situation. This includes forward orders for jet fuel and adjustments to planned flight schedules, which gives us confidence that there is sufficient supply to meet the demand from airlines.

#### **14. What could airline passengers expect if we move between phases?**

What passengers experience will depend on the phase and decisions from airlines. There is no need to alter your travel plans and supply constraints are still considered very unlikely. In Phases 3 and 4, we would expect to see more significant reductions in flight frequency which airlines would communicate to their customers.

Airlines make the final decisions about schedules, so passengers should check with their airline for the latest travel information.

#### **15. What does a phase change mean for air freight and supply chains?**

##### **What freight customers experience will depend on the phase and decisions from airlines.**

Air freight is closely linked to passenger flights, because a large share of freight travels in the cargo hold of passenger aircraft.

There is no need for businesses to change their plans and supply constraints are still considered very unlikely. In Phases 3 and 4, we would expect more noticeable reductions in flight frequency, which might reduce freight capacity on some routes. Airlines make the final decisions about schedules, and Government will work closely with industry and provide regular public updates.

#### **16. Are emergency services affected?**

No. Emergency services will not be subject to any jet fuel allocation model. The New Zealand Defence Force is also excluded and managed through separate public sector arrangements.

### **17. Will safety or security standards change?**

No. All measures within the Plan operate within existing aviation safety and security frameworks. Safety requirements are not compromised.

### **18. How will industry be involved in decisions?**

Industry has already been providing data to the government to provide visibility of the supply and demand for jet fuel use. Industry will be consulted by the Ministry of Transport before levels of any allocation at phase 3 are confirmed.

### **19. How will industry be kept informed?**

The Ministry will continue to communicate directly and regularly with industry stakeholders, providing clear updates on supply conditions and giving early notice of any potential phase changes. Guidance on what measures mean in practice and where to seek support will also be made available [on the Ministry of Transport website](#).

### **20. What about airports? Are they involved?**

Yes, airports are involved. Airports are key industry participants, working with fuel importers and airlines to ensure that jet fuel stocks are managed.

### **21. What does this mean for very small operators like agricultural aviation?**

Detailed design work is underway on the specifics for smaller operators. It is important that we have a practical, simple and transparent approach and we will continue to engage with smaller operators on detailed design matters.

Aircraft that use aviation gasoline (Avgas) will not be impacted by the jet fuel allocation model.