AIR NEW ZEALAND

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For Environment Committee

Submission on the Spatial Planning Bill and Natural and Built Environment Bill

1 Air New Zealand welcomes the opportunity to submit on the Spatial Planning Bill (**SP Bill**) and Natural and Built Environment Bill (**NBE Bill**), two of the three key pieces of legislation which will repeal and replace the Resource Management Act 1991.

2 Air New Zealand supports the primary function of the SP Bill, being to provide for the development and implementation of long-term, strategic spatial planning across New Zealand that works in tandem with the NBE Bill. Subject to its comments below, Air New Zealand also supports the purpose of the NBE Bill and the system outcomes that its supporting documents must provide for.

3 It does however consider that opportunities remain for both Bills to better enable the improvement and delivery of infrastructure that has a national function, including in supporting our collective response to the climate crisis. Planning for this kind of infrastructure warrants a nationally co-ordinated approach, where decision-makers are directed to consider and accommodate proposals that will contribute positively to the sustainable, efficient growth and prosperity of Aotearoa as a whole, rather than simply on a region-region basis. A vital part of that planning will be ensuring that key stakeholders – those responsible for delivering and using infrastructure – are given the opportunity to provide detail on the specific requirements and priorities of that infrastructure (such as timing, location, market considerations).

4 Air New Zealand's detailed submission in respect of these matters, and its proposal for how they might best be addressed through those Bills, is included in **Appendix A**.

5 Air New Zealand would be grateful for the opportunity to appear before the Environment Committee to speak to its submission, and is happy to answer any questions in advance of that.

10 February 2023

Kiri Hannifin
Chief Sustainability Officer

10 February 2023

Mat Bolland
Chief Corporate Affairs Officer

Appendix A

1 Introduction

1.1 Air New Zealand is Aotearoa's largest domestic and international airline, providing both passenger and cargo transport services in and around Aotearoa and overseas destinations.

1.2 It currently services 20 domestic network regions, and flies to 30 international ports across Australia, the Pacific Islands, North America and Asia. In FY22, it flew more than 8 million passengers, and carried tonnes of New Zealand exports around the globe and domestically. Before the global pandemic, Air New Zealand's passenger numbers were significantly higher – flying more than 17 million passengers in 2019.

1.3 As the national airline, Air New Zealand has a critical role in the social and economic success of Aotearoa with respect to domestic and international tourism and travel, and export of New Zealand's products. Aviation connects New Zealand to the world and is vital to the basic functioning of our economy, our critical infrastructure and our health system. It is necessary for our exporters to distribute high-value goods to the rest of the world and to import the critical goods and services needed to keep our economy running. It ensures that our people can continue to connect with others at home and abroad, and it is fundamental to the ongoing success of our world-class tourism proposition. Put simply, access to local, national, and international markets is critical to the success of our regions and the country as a whole, and Air New Zealand is committed to facilitating and growing that long-term success.

1.4 Air New Zealand is also committed to playing its part in the global response to the climate crisis. Our central contribution to that response is the reduction of carbon emissions across our operation, with the goal of reaching net zero emissions by 2050. An interim 2030 science-based carbon reduction target is in place to guide Air New Zealand and hold us to account. As set out in further detail below, sustainable aviation fuel and next generation aircraft- powered by electricity and green hydrogen- are critical technologies for reducing our carbon emissions. Supporting the development of, and transition to, these technologies is not, however, something that Air New Zealand can accomplish alone. It will require co-ordination across multiple sectors, and will be a journey that must be shared with the Government and other stakeholders across the economy. *He waka eke noa,* we are all in this together.

1.5 Air New Zealand's interest in the SP Bill and NBE Bill is in ensuring that the critical role of aviation - both in supporting Aotearoa's economic and social success and in its response to the climate crisis – is appropriately provided for by specifically enabling and prioritising nationally co-ordinated infrastructure that is necessary to support its transition to a low emissions operation. To that end, Air New Zealand seeks two primary changes to those Bills:

(a) Require the development of a national spatial plan under the SP Bill. That plan should set out the long-term strategy and nationally co-ordinated approach for nationally significant infrastructure and/or infrastructure that spans multiple regions. Air New Zealand considers that a national spatial plan would appropriately bridge the gap in the proposed resource management reform between the National Planning Framework (**NPF**) (developed under the NBE Bill) and the regional spatial strategies required by the SP Bill.

(b) Identify "infrastructure required for the development and delivery of aviation decarbonisation technologies" as a "key matter" in the SP Bill which must be addressed within the national spatial plan and regional spatial strategies, and as a "system outcome" that must be provided for in the NPF and natural and built environment plans.

1.6 Each of these submission points are addressed in further detail below.

1.7 The outcomes sought by Air New Zealand in relation to these Bills echo a number of themes and recommendations referenced in Te Waihanga Infrastructure Commission's *Rautaki Hanganga o Aotearoa New Zealand Infrastructure Strategy 2022 – 2052.* As acknowledged in that document, regulations – including planning regulations – are key levers that central Government can pull in supporting improved infrastructure outcomes. Taking that action is, in Air New Zealand's submission, both warranted and necessary when those improvements deliver national – even global – long term benefits. A strategically planned, well-co-ordinated air transport system which supports freight, tourism and people movement on a no to low emissions basis falls squarely within that category. Air New Zealand therefore urges the Committee to ensure that these Bills are designed to help realise that outcome.

2 National Spatial Plan

2.1 With a few exceptions, the SP Bill requires, and provides for, the development and implementation of long-term, strategic spatial plans for each region of New Zealand. Regional spatial strategies (**RSS**) will set out a vision and objectives for the region's development and change over a 30 year time-span, and the actions required to achieve those. Where specific issues span more than one region, they may be addressed through a separate "cross regional spatial strategy", developed in collaboration between the affected regional planning committees.

2.2 Air New Zealand supports the requirement for spatial strategies at the regional level, focussed on environmental outcomes and anchoring projects which support the successful, sustainable growth and management of those areas. It also supports the role that RSS will have in

informing natural and built environment plans under the NBE Bill, and their relationship to the NPF.

2.3 It is however concerned that the many benefits of strategic spatial planning will be lost for some of our most important national infrastructure if the requirement to undertake planning remains only at a regional level. In the same way that the NPF is considered necessary and appropriate for setting national priorities, limits and directions, a requirement to undertake national spatial planning recognises that there are certain decisions concerning the location for, funding and timing of particular land uses which are better planned for and/or prioritised at a national level.

2.4 The efficiency of our supply chains, digital connectivity, the provision of healthcare services, renewable energy development and transmission, and the ability to manufacture and transport alternative fuels (to name a few) are all issues that affect every region – not only in terms of the economic and social impacts, but also in terms of the physical infrastructure that is required to support those activities for the benefit of all New Zealanders. Requiring the spatial planning of these matters only at a regional level risks creating – and in some cases exacerbating – inefficiencies resulting from misaligned or inconsistent prioritisation of outcomes, or strategic decisions which elevate regional over national interests. Alongside the environmental implications of those decisions, the economic and social costs eventually and inevitably fall back on the New Zealand rate and taxpayer.

Case study – airports
Since New Zealand's airports were established in the earliest days of air connectivity, they have been essential components of our national transport and trade infrastructure, enabling a vital social and economic link between New Zealand and the rest of the world. New Zealand's three major airports are however natural monopolies, and the way in which they are regulated has allowed them to prioritise economic return for shareholders and their own commercial interests over planning for and investment in critical airport infrastructure for the long-term benefit of all New Zealanders and the wider economy. Under the current settings, such decisions are not obliged to account for those national considerations, including how they might best support the effective, integrated operation of the air transport network as a whole. A more nationally-focussed, strategic approach would help realise the considerable productivity benefits associated with an efficient air network, including improved economic growth, supply chain efficiency and resilience.

2.5 To support efficient investment in these (and other) areas (i.e. in order to realise our national aspirations around economic prosperity, and climate and infrastructure resilience) a strategic, long term spatial plan that takes a "best for Aotearoa" approach is required. That plan should align with the NPF, and should set direction around (at least) the "where and when" of land uses that have significance for the long-term economic and social prosperity of the country. As with RSS, it should identify priority actions for achieving those directions, including timing

and intended funding arrangements. The potential benefits of this approach are myriad, setting a framework for an integrated, national level strategic response to some of the key land use and infrastructure challenges we face.

Case study – freight

The efficient movement of freight into, around, and out of Aotearoa is critical to our economy and our international competitiveness. More expedient travel times enable markets to become more integrated (both domestically and overseas), increasing supply chain efficiency and resilience, and lowering prices for consumers. Te Waihanga has identified that by 2052, the volume of freight moved around New Zealand is expected to increase by almost 40% (from approximately 280 million tonnes in 2017/18 to nearly 400 million tonnes by 2052/53). That presents a significant opportunity to enhance New Zealand's productivity and economic prosperity. A strategic, nationally co-ordinated approach to planning for, and investing in, our supply chain is required if we are to realise that opportunity. That work has begun through the proposed National Freight and Supply Strategy, but it must be supported by a spatial plan which identifies the location and timing of infrastructure needed to streamline the supply chain system. A digital twin for that system would help ensure Government investment in that infrastructure is evidence based and prioritised accordingly – focussed on removing "choke points" and other existing vulnerabilities in the movement of goods, and identifying and supporting strategically critical infrastructure, particularly in the regions.

2.6 With its national focus and existing oversight over relevant investment priorities, Air New Zealand considers that central Government is best placed to bear responsibility for developing that national spatial plan. Open consultation with key industry stakeholders will be especially important for gathering robust, up-to-date information to support those spatial planning decisions. Existing strategies and documents (such as *Rautaki Hanganga o Aotearoa New Zealand Infrastructure Strategy 2022 – 2052* and the proposed National Freight and Supply Chain Strategy) along with smart city technologies can and should also provide vital inputs for how and where planning and investment of nationally significant infrastructure and other land uses is prioritised and enabled.

2.7 Engagement with mana whenua on the national spatial plan will also be critical, and, as with the NPF and the RSS, opportunities should be provided for public submissions. Air New Zealand envisages that the relationship between RSS and the national spatial plan would be similar to the RSS' relationship with the NFP. The RSS should give effect to any directions within the national spatial plan, where they are required to do so, and should otherwise be consistent with it.

2.8 In its Strategy, Te Waihanga New Zealand Infrastructure Commission described the "historic period of deep intergenerational change" currently facing Aotearoa's infrastructure:

> *Historic, because many of the challenges we face are new and uncertain; deep, because it impacts all parts of our society; and intergenerational, because the effort must be sustained, not over months and years, but over decades.*

2.9 There will need to be many facets of New Zealand's response to these challenges, some of which will be more appropriately planned for, and delivered, at a local or regional level. However, Air New Zealand considers that a national spatial plan which sets strategic directions around the "where and how" of our most nationally significant land uses over a 30-year time span is a vital part of that response – and one that is currently missing from the proposed resource management reform.

2.10 For that reason, it requests that the SP Bill is amended to include the requirement for, and a comprehensive process for developing, a national spatial plan. It further requests that consequential amendments are made to the SP Bill and the NBE Bill to ensure that national spatial plan is integrated with the NPF, RSS, and natural and built environment plans in the manner outlined above.

3 Better enabling manufacturing and delivery of aviation decarbonisation technologies

3.1 Through various directions, the SP Bill and the NBE Bill already recognise the importance of infrastructure and initiatives which support Aotearoa's response to the climate crisis. For example, key matters in the SP Bill that must be addressed in RSS (where they are of strategic importance to the region) include "areas that are appropriate for developing, using, or extracting natural resources, including generating power"[1] and planning for "major new infrastructure that would help to address the effects of climate change in the region."[2] Other matters which may be addressed include those that are "critical to the national or regional economy"[3] or relating to a "nationally significant feature or activity."[4] In the NBE Bill, "achieving the reduction of greenhouse gas emissions" is a system outcome which must be provided for in the NPF and in natural and built environment plans.[5]

3.2 Air New Zealand supports the inclusion of these directives in both Bills. It does however consider that more specific direction is required in relation to the planning and delivery of infrastructure required to support the development and delivery of sustainable alternative fuels (**SAF**) and next generation aircraft powered by electricity and green hydrogen.

3.3 Transport is currently responsible for 39% of Aotearoa's carbon dioxide emissions, and 17% of our gross domestic emissions. Reducing these emissions will be critical if New Zealand is going to meet its climate change commitments.

3.4 To decarbonise aviation in Aotearoa, SAF and next generation aircraft will be required. SAF is the only solution for decarbonising long-haul travel. Currently, there is no SAF supply in New

1 SP Bill, clause 17(1)(d).
2 SP Bill, clause 17(1)(j)(i).
3 SP Bill, clause 18(1)(e).
4 SP Bill, clause 18(1)(f).
5 NBE Bill, clause 5(b).

Zealand, and there is a significant global SAF shortage. Where it is available, it is two to five times the cost of traditional jet fuel. Accessing sufficient volumes of SAF at a commercially viable cost is and will continue to be a key challenge. With the right policy and investment settings, both the domestic production and the importation of SAF could be made viable, and the commercial gap with fossil fuels could be narrowed. In addition to lowering aviation emissions (and as a result tourism and export emissions), the domestic production of SAF would also enhance fuel security and create economic and employment opportunities for communities in which those production facilities are located. This opportunity is currently being investigated via a partnership between Air New Zealand and the Ministry of Business, Innovation and Employment.

3.5 In addition to SAF, next generation aircraft technologies present a significant opportunity for reducing domestic aviation emissions. This includes battery electric, hydrogen fuel cell, hydrogen combustion, and hybrid aircraft technologies. New Zealand is uniquely placed to lead the world in the deployment of these aircraft, with a domestic network comprising many short-range routes that are ideally suited for both early aircraft demonstration and long term deployment. New Zealand's largely renewable electricity grid also presents opportunities for scalable green hydrogen production. However, the feasibility of next generation aircraft will rely on a scaled electricity system, an improved energy distribution system and airport infrastructure capable of supporting new energy systems. This cannot be done by Air New Zealand alone, or by regions in isolation- it will require cross-sectoral planning and collaboration.

3.6 The importance of these technologies in New Zealand's wider climate response was further endorsed by the Government through its signing of the *COP 26 Declaration: International Aviation Climate Ambition Coalition,* where it pledged New Zealand's support to the development of these technologies, alongside Ministerial support for an aviation specific decarbonisation plan.

3.7 As set out above, Air New Zealand is committed to playing its part in the global response to this crisis. In addition to investigating domestic production of SAF, Air New Zealand is currently working to import SAF, and collaborating with parties across the global aviation sector to address the issues of cost and supply. In 2022, Air New Zealand launched Next Gen Aircraft, its mission to accelerate the development of zero emissions aircraft technologies and the infrastructure required to make these a reality for commercial aviation in New Zealand.

3.8 Put simply, having access to commercially viable SAF and the infrastructure and energy required to deploy next generation aircraft technologies will be vital for achieving our climate commitments - and to support low carbon tourism and export industries. The Government can play a role in supporting these initiatives by providing streamlined pathways for the consenting and approval of infrastructure, and by facilitating cohesive, national and regional

planning of the infrastructure and natural resources that will be required across Aotearoa to decarbonise the national, integrated aviation network.

3.9 For that reason, Air New Zealand requests that the development and delivery of SAF and next generation aircraft technologies is identified:

(a) in the SP Bill as a key matter that must be provided for in both the RSSs and the national spatial plan; and

(b) in the NBE Bill as a "system outcome" that must be provided for in the NPF and natural and built environment plans.

3.10 Directing decision-makers at a national and regional level to consider and provide for that infrastructure in strategic locations through both Bills will help streamline their delivery and accelerate New Zealand's transition to a low-emissions aviation industry.

4 Procedural matters

4.1 A national spatial plan informing the RSS offers a transformational opportunity for the way our most important infrastructure and land uses are planned for and delivered. To ensure that opportunity is realised (as far as possible), proponents of those documents – whether the relevant Minister or regional planning committees – must be enabled to access robust, up-to-date data on the infrastructure and land use needs of industries and systems which support our national and regional economic and social prosperity.

4.2 While some of that will be a matter of funding and timing (both of which should be appropriately allocated for the task), Air New Zealand considers that the SP Bill could be more prescriptive in directing those proponents to undertaking front-end engagement with key industry stakeholders who can provide that data at an early stage of the plan/strategy development.

4.3 Given the significance of both documents in terms of the wider planning system, it also recommends that the opportunity to present submissions (for example, via a hearing) is provided for participants who request that.

5 Conclusion

5.1 Air New Zealand is committed to meeting the Government's expectations of it for the benefit of all New Zealanders. Those expectations are reflected in the core kaupapa of Air New Zealand's sustainability framework – *Te whakakaha I te manaakitanga o te tangata, o te hapori, ot te motu whānui me to ao hoki – Empowering care of our people, communities, country and planet* – and include:

(a) supporting economic development, including access to international markets and international tourism linkages;

(b) maintaining a comprehensive domestic route network that allows people and goods to move across New Zealand in a timely fashion at a reasonable cost;

(c) demonstrating its commitment to environmental sustainability, including engaging with the development of aviation decarbonisation technologies for New Zealand.

5.2 From airports and supply chain systems to tourism, SAF and electric planes, the planning and delivery of nationally significant land uses and infrastructure will play a vital role in shaping how Air New Zealand delivers on these expectations, and how New Zealand as a whole responds to some of the global and domestic challenges we are facing. The reform of the resource management system presents an exciting opportunity to improve how those matters are strategically planned and provided for across the country, and to ensure the regulatory frameworks in place are fit for purpose to address those challenges.

5.3 Air New Zealand considers that the amendments to the SP Bill and NBE Bill described in its submission are required to support those outcomes.