



Cabinet Economic Development Committee

Minute of Decision

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Implementing the Carbon Offsetting and Reduction Scheme for International Aviation: Proposed Legislation

Portfolio Associate Transport (Hon Julie Anne Genter)

On 28 August 2019, the Cabinet Economic Development Committee:

Background

- 1 **noted** that international aviation emissions are forecast to grow in the coming decades;
- 2 **noted** that the International Civil Aviation Organization (ICAO) is responsible for regulating international aviation activity;
- 3 **noted** that the ICAO has agreed on a global market-based measure, known as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), to achieve carbon neutral growth in the international aviation sector from 2020;
- 4 **noted** that on 14 September 2016, the previous government approved the negotiating mandate for ICAO's CORSIA discussions and agreed to support the adoption of the global measure [EGI-16-MIN-0232];

Participation in CORSIA

- 5 **noted** that New Zealand's participation in CORSIA strongly supports the government's climate change, foreign policy and trade priorities;
- 6 **agreed** to reconfirm the decision for New Zealand to participate in CORSIA from 1 January 2021;
- 7 **noted** that ICAO's international standards and recommended practices (SARPs) set out the policy design for CORSIA, and that ICAO adopted and agreed on these SARPs in July 2018;
- 8 **agreed** to give effect to CORSIA in domestic legislation via the Civil Aviation Bill, and to ensure the Bill is consistent with the July 2018 version of the SARPs;
- 9 **agreed** to the application, duration, monitoring, reporting, verification, exemptions, phased-in implementation, offsetting and emissions unit requirements of CORSIA, as set out in the July 2018 SARPs;

- 10 **agreed** to the ongoing monitoring of all New Zealand-registered aeroplane operators that fly internationally, to determine whether they need to participate in CORSIA;
- 11 **agreed** to the proposed offence and penalty regime, as outlined in the paper under DEV-19-SUB-0226, on the basis that it does not significantly change during the development of legislation;
- 12 **noted** the costs and risks that arise out of implementing CORSIA in New Zealand, as outlined in the paper under DEV-19-SUB-0226;
- 13 **noted** that it is not possible to fully quantify the costs and impacts of CORSIA as this will be determined by the future price of eligible emissions units and the cumulative effects of multiple other cost pressures;
- 14 **noted** that the impact on air passengers and air freight importers and exporters will depend on how aeroplane operators choose to pass on the cost of offsetting from CORSIA;
- 15 **noted** that a separate Cabinet decision would be required if New Zealand wished to have ICAO consider the New Zealand Emissions Trading Scheme or other New Zealand projects as a source of emissions units for CORSIA;
- 16 **agreed** that the Ministry of Transport will be the lead administrator of the CORSIA components of the legislation;
- 17 **agreed** that the legislation could enable an information sharing relationship between the Ministry of Transport and the Civil Aviation Authority, the Ministry of Business, Innovation and Employment and Ministry for the Environment, as required, to support the Ministry of Transport's administrator role;

Legislative implications

- 18 **invited** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;
- 19 **authorised** the Associate Minister of Transport (Hon Julie Anne Genter), jointly with the Minister of Transport, to make final decisions, consistent with the overall policy intent outlined in the paper under DEV-19-SUB-0226, on details that arise during the drafting of the legislation without reference to Cabinet;
- 20 **noted** that the proposed legislation should be in place before 31 December 2020 to fulfil New Zealand's obligations under CORSIA.

Janine Harvey
Committee Secretary

Hard-copy distribution: (see over)

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Chris Hipkins
Hon David Parker
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Damien O'Connor
Hon Willie Jackson
Hon James Shaw
Hon Julie Anne Genter
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Associate Minister of Transport (Hon Julie Anne Genter)

Released by the Associate Minister of Transport