Submission on the proposed reduction to passenger security levies

NZ Airports Association | 14 October 2026

Introduction

NZ Airports welcomes the opportunity to comment on the Civil Aviation Authority's (CAA) proposal to reduce domestic and international passenger security levies by 5 percent. We thank the Director of Civil Aviation, Kane Patena, and the Aviation Security Service (AvSec) for engaging early with NZ Airports and its member airports on the proposal.

The proposal would lower the domestic levy from $10.91 to $10.36 per passenger and the international levy from $22.30 to $21.19 per passenger, excluding GST. CAA estimates that, on current projected passenger volumes, this will reduce levy collections by a cumulative $70.9 million by the 2031/32 financial year. That is money that stays in the aviation system, where it can support connectivity, capacity and affordable travel.

NZ Airports supports the proposed reduction. Where the cost of delivering effective aviation security has genuinely fallen through efficiencies, lower costs should be passed through promptly, while maintaining security outcomes and the capacity to respond to changing demand. This submission sets out what we would like to see as the reduction is progressed, and our reading that this consultation is separate from the First Principles Funding Review.

This submission is made on behalf of NZ Airports and its member airports.

Being clear about what has made the reduction possible

CAA attributes the reduction to improved aviation security operations, stronger financial management, rebuilt security reserves and greater confidence in passenger forecasts.

CAA's 2024 Pricing Review set security levies to fund AvSec's statutory functions and to rebuild reserves depleted during COVID-19. CAA now reports that those reserves have been replenished and that surpluses would continue to grow if levies stayed at current rates. Without a reduction, reserves would sit around $120.6 million above the required level by 2031/32.

We acknowledge the efficiencies CAA and AvSec have achieved through new screening technology and operational changes. However, the headroom also reflects the completion of the reserve rebuild and passenger volumes running ahead of forecast. It may also reflect passenger forecasts and levy modelling that resulted in more revenue being collected than was required. None of these is an efficiency saving. CAA should distinguish transparently between sustainable reductions in the cost of providing security services and the effect of passenger volumes, forecasting assumptions and accumulated levy revenue. That distinction matters both to the case for this reduction and to the credibility of future levy setting.

Preserving capacity and flexibility

While NZ Airports supports the reduction, aviation security service levels at airports must continue to improve. In recent years, processing times through aviation security have improved. This is a direct result of airports and AvSec working together on technology and

resourcing. CAA itself notes that 97 percent of passengers were screened in less than 10 minutes in the most recently completed year. Screening capacity directly affects the passenger experience, on-time performance and an airport's ability to accommodate new services and schedule changes, and to recover from disruption.

CAA has assured sector representatives that the proposed reduction does not remove the resource and capacity needed to respond to demand for expanded screening or extended operating hours. We welcome that assurance and ask CAA to confirm it in its advice to the Associate Minister of Transport and in its decision and implementation material.

This is particularly important as airports and airlines adapt schedules and network capacity. At our busiest airports, passengers on early-morning departures are already checking in well before screening opens, and earlier opening times are being considered. Where demand warrants earlier opening, longer screening hours or screening at additional locations, AvSec must be able to work with airports and airlines to provide that flexibility without the levy reduction being cited as a barrier. CAA should explain how its forward planning provides for these requirements while maintaining security standards and passenger service performance.

Continuing to drive efficiency

We understand from CAA that this is an initial reduction, and that further reductions may be possible within 12 to 18 months if passenger volumes, revenue and costs continue to track as forecast. We welcome that signal.

We ask CAA to commit to reviewing the levy rates again within that period, and to report publicly on the efficiency gains achieved in delivering screening services. Airports see further opportunities to improve the flexibility and productivity of screening, and we would welcome working with AvSec on them.

Implementing the reduction from 1 January 2027

CAA's consultation material indicates that, subject to Government approval, the change is expected to take effect in the first half of 2027.

We ask CAA and the Government to expedite the remaining decision-making and regulatory steps so that the reduced rates take effect on 1 January 2027.

The remaining steps are well understood: consideration of submissions, a recommendation to the CAA Board and then to the Associate Minister, an Order in Council, gazettal and 28 days' notice. With submissions closing on 14 October, there is time to complete those steps before 1 January if planning starts now. This is a targeted, straightforward change to two existing levy rates, and CAA has stated that it is confident the reduction can be made while continuing to meet aviation security service expectations and performance targets. We therefore see no reason for the reduction to be deferred beyond that date.

The urgency applied to implementing levy increases should apply equally to reductions, so that passengers and the sector see lower costs passed on just as promptly.

Keeping this consultation separate from the wider funding review

CAA has made clear that this consultation covers passenger security levies only. Other fees, charges and levies, and the structure of security levies, will be considered through the First Principles Funding Review, with broader public consultation expected in mid-2027.

Our reading is that NZ Airports' support for this reduction does not signal any position on matters to be addressed through that review. We ask CAA to confirm that reading, and we will engage fully when the review is consulted on.

Summary of our position

NZ Airports supports progressing the proposed 5 percent reduction to domestic and international passenger security levies. Alongside that support, NZ Airports seeks:

- a clear account of what has driven the available headroom;
- explicit confirmation that operational flexibility and capacity will be maintained;
- a commitment to review the levy rates again within 12 to 18 months; and
- implementation from 1 January 2027.

This consultation should also be treated as separate from, and without prejudice to, the First Principles Funding Review.

Continuing the conversation

We would welcome continued engagement with CAA and AvSec on these matters, and would be happy to provide further information or meet to discuss this submission.

Kind regards

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