

6 December 2024



ERP2 Consultation  
Ministry for the Environment  
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Kia ora

### **New Zealand's Second Emissions Reduction Plan: TIA Submission**

Tourism Industry Aotearoa welcomes the opportunity to submit on the Discussion Document *Aotearoa New Zealand's 2035 International Climate Change Target*.

TIA supports New Zealand's 2050 net-zero carbon target and that New Zealand is active and progressive in reducing emissions that contribute to global warming. The ERP2 is a critical vehicle for setting out the ambition for a key intermediate period towards 2050, and the plans for doing it.

The Plan must be ambitious and specific, and supported in its implementation. TIA is focussed on the emissions from aviation (and international aviation specifically), and the actions taken to reduce New Zealand's exposure to the significant risk associated with New Zealand being a long-haul destination and trading partner.

TIA welcomes the Climate Change Commission's November 2024 advice to Government that international shipping and aviation should be included in New Zealand's updated 2050 target. We now submit that Government act on this recommendation by:

1. Including international shipping and aviation in the 2050 target.
2. Considering including international shipping and aviation in ERP2 that is due out early 2025.

While we appreciate that the CCC advice did not relate to ERP2, we consider that including international shipping and aviation in the 2031-35 Plan will assist in ensuring the right policy and programme support will be put in place to enable us to make the necessary changes.

### **Tourism Industry Aotearoa**

TIA is the peak body for the tourism industry in Aotearoa New Zealand. With around 1,300 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure activities, attractions, retail, airports and airlines, transport, as well as related-tourism services.

TIA is sharply focused on ensuring the sustainable future of the industry, and this is clearly articulated in our key guiding documents and programmes. This includes the tourism industry's strategic framework, *Tourism 2050 – A Blueprint for Impact, He Pae Tukutuku*.<sup>1</sup>

This has the Vision of 'Enriching Aotearoa New Zealand through a flourishing tourism ecosystem'. This Vision is centred on the positive role of tourism for the broad betterment of New Zealand and its people across a balanced framework – Economic, Community Visitor and Environment.

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<sup>1</sup> <https://www.tia.org.nz/tourism-2050/>

Tourism 2050 has just ten Actions that are the most important strategic workstreams to advance to enable the industry to achieve its Vision. Action 5 is 'Achieve Net Zero Carbon'.

The targets set under this Action are:

- **Aviation Carbon Emissions:** Aviation sector to be Net Carbon Zero by 2050.
- **Non-aviation carbon emissions:** Non-aviation tourism to reduce carbon emissions by 30% below the 2019 level by 2030.

The key sub-actions that relate to ERP2:

- Industry to engage with the wider processes to reduce carbon emissions, including the Ministry of Transport-led Decarbonising Transport Action Plan and Sustainable Aviation Aotearoa.
- Industry to advocate for an enabling policy framework for aviation decarbonising technologies and sustainable aviation fuels. This includes a Sustainable Aviation Fuel (SAF) mandate, coupled with a strategy to increase SAF production and an incentive programme that facilitates innovation, scale-up and affordability.

The tourism industry requires the support of the wider policy settings of government, and ERP2 is a critical document for securing progress with these actions.

### Context

Tourism is important in the ERP2 framework because tourism is important for New Zealand. It is a major part of the New Zealand economy and society, and this will continue in future through increasing tourism, social and political connections and high value trade.

Tourism is a major economic driver (11.4% of exports, 11.3% of total employment and 6.2% of GDP),<sup>2</sup> and it plays a very important wider role by enabling economic diversity, resilience, job and business opportunities, and by fostering regional prosperity.

Government has established a goal to double exports by 2033 and to achieve this, New Zealand will need to develop both tourism and high value exports of goods and services. To double exports, our international connectivity must also grow significantly.

On the other hand, the aviation component of tourism is a hard to abate sector, and over time it will form an increasing proportion of emissions as other sectors across the economy reduce their own emissions. Ensuring our aviation emissions are reducing, has a strategic importance that we as a nation must address.

Considering these challenges, Government has explored opportunities for bilateral work with Australia given the desire for regional or global solutions. For instance, in July 2024, Finance Minister Hon Nicola Willis and Climate Change Minister Hon Simon Watts met with their Australian counterparts to discuss joint actions to meet climate change commitments. The Joint Statement outlining plans for greater bilateral collaboration set out actions, including on shipping and inviting New Zealand aviation companies and representatives to join the Jet Zero Council, and to investigate the conditions required to develop a regional sustainable aviation fuel industry.<sup>3</sup>

### TIA Considerations of ERP2

TIA has submitted consistently to the consultations carried out by both the Climate Change Commission and the Ministry for the Environment. We have always set out that tourism, a major part of who we are as a nation, needs to be incorporated into New Zealand's overall efforts to reduce emissions, with aviation central to this.

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<sup>2</sup> Stats NZ, Tourism Satellite Account, Year Ended March 2023.

<sup>3</sup> <https://www.beehive.govt.nz/release/joint-statement-australia-new-zealand-22-climate-and-finance-dialogue>

In the current consultation, we again focus on aviation. Firstly, to seek the inclusion of international aviation within the New Zealand overall emissions targets and ERP2, and secondly, for the policy and programme support to enable the development of SAF at scale to enable all airlines that service New Zealand to include SAF within the overall fuel mix. This is an emerging question globally.

More broadly, there are several factors that mean that New Zealand is facing increasing headwinds in a world where reducing emissions is becoming increasingly important, for instance:

- **Changing consumers.** Travellers are becoming increasingly environmentally conscious in their travel decisions making long-haul travel less desirable. For instance, European travellers, and particularly those from Northern Europe, are placing higher emphasis on sustainability and tourism-generated aviation emissions. These are consumers who are actively making behaviour changes, including to choose alternatives to air travel, avoiding long-haul travel and limiting flight frequency.<sup>4</sup> Research commissioned by Tourism New Zealand on the role of sustainability for consumers found that '85% of holiday travellers expressed a strong intent to increase efforts to travel more sustainably in future.'<sup>5</sup>
- **Corporate responsibility.** There is risk of loss of air capacity to New Zealand as airlines work to reduce their emissions profiles and become subject to such requirements as environmental, social, and governance (ESG) reporting.<sup>6</sup> As airlines look at ways to reduce their emissions, the longest-haul destinations will logically be most impacted.
- **Increasing regulation.** Jurisdictions around the world are putting in place policies and requirements designed to reduce aviation emissions. For instance, the UK's Air Passenger Duty is a tax based on flight distance and class to disincentivise air travel; the European Union Emissions Trading Scheme includes aviation for flights within the European Economic Area to encourage emissions reduction; France has implemented restrictions on domestic flights where viable rail alternatives exist, and the EU has established anti greenwashing legislation.<sup>7</sup>

With these considerations in mind, we are concerned that the sector actions identified by the Commission are very light on aviation, and indeed aviation reductions are not included at all in the Commission's list of actions that could contribute significantly to emission reductions in the ERP2 period.

What TIA is seeking is an enabling policy framework for SAF that puts in place the key elements required to develop SAF at the scale needed and on an economically viable basis. We believe that ERP2 must be specific about the programme, who's involved in New Zealand and potentially overseas, and the resourcing that will enable implementation.

### Overall Position

TIA supports the ERP2 as the next step in a very important process to drive emission reductions as the New Zealand contribution to the global efforts. We all must play our part.

TIA is concerned that aviation is not looking to be the priority in ERP2 that it needs to be. Air connectivity is of vital importance for New Zealand in so many ways, and it is tourism demand that creates the connectivity that we enjoy. This is not something we can take for granted, and we know that this is a strategic risk area for tourism, our high value export sectors, and society more broadly.

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<sup>4</sup> European Travel Commission, Europeans' Attitude to Responsible Travel Choices, 2021

<sup>5</sup> Kantar, Tourism New Zealand, MBIE, The role of sustainability in destination and operator choice, December 2023

<sup>6</sup> Chapman Tripp, Protecting New Zealand's Competitive Advantage, 2024

<sup>7</sup> News, European Parliament, 17 January 2024.

That is why TIA submits that the final ERP2 must be more specific and concrete on its aviation-related proposals, and these must have a clear implementation priority. We are fortunate that parts of the pathways to advancing this action are already established, and so it is a matter of giving weight to these processes.

**Conclusion**

We would be most happy to expand on any points raised in this submission. Please contact Bruce Bassett on 021 609 674 or [bruce.bassett@tia.org.nz](mailto:bruce.bassett@tia.org.nz) if you have any questions.

Ngā mihi,

A handwritten signature in dark ink, appearing to read 'R Ingram', followed by a period.

Rebecca Ingram  
Chief Executive

## Attachment 1: TIA Response to Relevant Consultation Questions

No.	Question	TIA Response
1	Do you have any comments on the Climate Change Commission's advice?	<p>TIA notes that it is still unclear if international aviation and shipping will be included in New Zealand's emissions targets.</p> <p>TIA welcomes the CCC's December 2024 advice to Government that international shipping and aviation should be included in New Zealand's updated 2050 target.</p> <p>We submit that Government now act on the CCC recommendation by:</p> <ol style="list-style-type: none"> <li>3. Including international shipping and aviation in the 2050 target.</li> <li>4. Considering including international shipping and aviation in ERP2 that is due out early 2025.</li> </ol> <p>For TIA, it is important that aviation in particular is included so that it can be accorded appropriate support in the policies and programmes that will drive change.</p> <p>As of 2019, aviation made up 62% of New Zealand's Tourism Greenhouse Gas Emissions (Stats NZ), making it the area requiring the most effort to drive change.</p> <p>The other large area of tourism emissions, Road Transport, has such support through domestic policies and technologies that, for instance, are increasing electrification of the vehicle fleet. Existing progress can be expected to increase out to the 2031-2035 period.</p> <p>For this reason, TIA considers that the material set out in the CCC's October 2024 report is light on aviation action, with only the Draft High Technology High Systems Change Scenario setting out ambitions for domestic aviation (20% SAF), and with international aviation being out of scope.</p> <p>This is important in that New Zealand is a long-haul destination for nearly all our markets making us highly vulnerable to consumer and regulatory responses that will likely increase cost and lower demand for visitation for New Zealand.</p> <p>In turn, this is extremely important for New Zealand as a nation that is highly dependent on aviation for our international connectivity – inbound tourism, outbound travel by Kiwi's, high value trade of tens of billions of dollars, political and social connectivity, and so on.</p> <p>Our aviation connectivity is an essential strategic asset and accordingly must be fostered, supported and protected.</p> <p>With SAF being the only option for long-haul aviation emission reduction, it is essential that New Zealand has the policies and programmes in place to support the development of SAF at scale and for use of all airlines servicing New Zealand.</p> <p>In July 2024, Finance Minister Nicola Willis and Climate Change Minister Simon Watts met with their Australian counterparts to discuss joint actions to meet climate change commitments. The Joint Statement outlining plans</p>

		<p>for greater bilateral collaboration set out actions, including:</p> <ul style="list-style-type: none"> <li>• Convening roundtables with the maritime sector to identify the conditions required for green shipping routes between counties.</li> <li>• Inviting New Zealand aviation companies and representatives to join the Jet Zero Council, and investigating the conditions required to develop a regional sustainable aviation fuel industry.</li> </ul>
2	What factors should the Government priorities when setting NDC2?	<p>In response to this question, TIA makes two key points:</p> <ol style="list-style-type: none"> <li>1. Any impact to the economy is important, but equally the impact of not acting sufficiently will likely be as great if not higher. For example, the extent of New Zealand's international aviation connectivity is a vital cornerstone of our economy. As such, TIA submits that Government prioritises international tourism and related connectivity benefits as it sets NDC2.</li> <li>2. To give effect to this prioritisation of international aviation, we recommend Government set the policies and programmes that will accelerate the development of SAF on an economical basis and at the scale needed to make a difference. This needs broad Government and industry input to produce SAF for all airlines servicing New Zealand. There are no commercial pathways to produce SAF to address New Zealand's strategic risk around long-haul aviation without some form of Government commitment.</li> </ol> <p>For these reasons, TIA considers that international shipping and aviation should be included in both the 2050 target and in ERP2.</p> <p>By being included on ERP2, enabling policy setting will be put in place sooner, which will be key to achieving the progress required by 2050.</p>
3	What factors in New Zealand's economic outlook should be taken into account when setting NDC2?	<p>Government has established a goal to double exports by 2033.</p> <p>To achieve this, New Zealand will need to develop both tourism and high value exports of goods and services. For both, international aviation connectivity is essential. For exports to double, so must our international connectivity.</p> <p>TIA considers this creates a powerful incentive for Government to play a role in ensuring a growing aviation sector by supporting the development of SAF as the only risk mitigation that can be taken at current aviation technologies.</p>
4	What factors do you think are most important for deciding a "fair share" for New Zealand for its NDC2?	<p>TIA does not have a particular view on this question, other than to reinforce that New Zealand is vulnerable to international aviation emissions and needs to be seen to be pulling its weight.</p>
5	Should NDC2 be set at a level that is achievable with domestic action only, or should it be set at a level that is achievable with a mix of domestic action and international cooperation (offshore mitigation)?	<p>TIA does not have a particular view on this question, but we consider it likely that an international approach to SAF development will emerge so New Zealand will need to be open to opportunities and partnerships as they come about.</p>