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Consultation – Target and Budgets
Climate Change Commission
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Kia ora

Climate Change Commission Consultation: TIA Submission

Tourism Industry Aotearoa welcomes the opportunity to submit on the three consultation reports of the Climate Change Commission (the Commission) as it prepares its final advice to Government by the end of 2024.

TIA supports the direction of travel that has been established by the work of the Commission and we view it as both necessary and desirable in enabling Aotearoa New Zealand to reach our 2050 emissions target.

Our focus in this submission is on the discussion document *'Review on whether emissions from international shipping and aviation should be included in the 2050 target, and if so how.'*

Our overall position is, in principle, to support Option 1 to include international shipping and aviation emissions within our 2050 target. This support is predicated on New Zealand adopting policies and programmes that will accelerate the transition to low carbon alternatives - particularly Sustainable Aviation Fuels (SAF) - and that this work is consistent with New Zealand's existing obligations, both in New Zealand and internationally.

Context

Aotearoa New Zealand is a trading nation that is reliant on the movement of goods and services across our borders. In 2023, this amounted to \$203 billion of exports and imports, including tourism exports (\$12.9 billion from international visitors to New Zealand) and tourism imports (\$6.6 billion of offshore travel by Kiwis).¹ In order to sustain and grow this level of international trade activity, New Zealand must remain internationally competitive, and our transport connectivity is a key part of this.

This makes our cross-border transportation systems strategically important for all parts of our society and economy, including for tourism where the aviation and cruise sectors connect us to the world. As set out in the discussion document, these transportation systems make up 9% of New Zealand's current long lived gas emissions.

Tourism is an important part of the fabric of Aotearoa New Zealand, and it operates at many levels. It is a major economic driver (e.g. 11.4% of exports, 11.3% of total employment and 6.2% of GDP), and it plays a very important wider role by enabling economic diversity, resilience, job and business opportunities, and by fostering regional

¹ Stats NZ, International trade in services by service type: Year ended December 2023.

prosperity. In so doing, tourism showcases cultural richness and fosters pride and social connectivity, both locally and globally.

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*.²

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.

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 the work of the Commission include:

- 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 SAF mandate, coupled with a strategy to increase SAF production and an incentive programme that facilitates innovation, scale-up and affordability.

Clearly, these Actions signal the need for industry to engage with and support the wider processes that will enable the industry's targets to be achieved. The work of the Commission and subsequent decisions taken by Government are central to this approach.

TIA Submission

This submission makes brief comment on the two reports and then more fully on the international shipping and aviation discussion document:

1. Review of the 2050 emissions reduction target.

TIA supports justifiable changes to the target as they relate to long-lived greenhouse gases. We continue to support the target of 'Net zero by 2050 for greenhouse gases other than methane', noting that the methane component of the target may be subject to more change. We favour changes to the target to increase ambition if warranted by evidence.

We note that if the international shipping and aviation emissions are included within the 2050 target, the Commission will need to factor this shift into the overall target position and the interim budgets.

² <https://www.tia.org.nz/tourism-2050/>

2. Draft Advice on Aotearoa New Zealand's fourth emissions budget.

TIA supports the intent to lift the trajectory of emissions reduction in the proposed 2036-2040 budget. We note that this represents a substantial reduction of total emissions from the 2021 level, and we welcome the Commission's indication that we are on track to achieve this level of emissions reduction. As above, we note that the levels involved will need to be adjusted if international shipping and aviation are included.

TIA is a member of the Sustainable Business Council and we have contributed to, and support, the submission it has prepared on these consultation documents. We defer to this submission for its more granular responses.

Review on whether emissions from international shipping and aviation should be included in the 2050 target, and if so how.

In this submission, TIA sets out a tourism-specific perspective, with our response focussed on the four 'Options' questions asked by the Commission in this document:

1. Which of these options for whether international shipping and aviation should be included in the 2050 target do you support?
 - **Option 1:** Include in the 2050 target.
 - **Option 2:** Do not include in the 2050 target at this point.
 - **Option 3:** Amend the Climate Change Response Act to reconsider this issue in future reviews of the 2050 target.

TIA, in principle, supports Option 1.

Adopting Option 1 will ensure that the holistic position of Aotearoa New Zealand's emissions is in-scope and included in our overall national emissions profile. This is both a principled position and one that is consistent with the tourism industry's strategic document *Tourism 2050 – A Blueprint for Impact*.

In providing in-principle support for Option 1, TIA is concerned that taking this step must be supported by the policies and programmes that will accelerate decarbonisation of both international shipping and aviation, and with these efforts to be complementary to New Zealand's existing obligations. Those international processes that are responsible for advancing these areas, include the International Civil Aviation Organisation (ICAO) that has the lead for international aviation emissions in the Kyoto Protocol and the International Maritime Organisation (IMO). On the international front, New Zealand must be resourced to engage in these processes rather than focussing on domestic action alone.

Equally, work must be advanced within New Zealand, for instance to support the development of SAF - or other technologies - at the scale needed and at prices to ensure that it is economic to deploy for all operators. There are already processes underway, such as Sustainable Aviation Aotearoa that was established in 2022 as a leadership body to drive progress and which is comprised leaders from across the public and private sectors. Such processes need to be prioritised, incentivised and resourced to ensure their success, including that they provide clear market signals to operators in these sectors, while ensuring they do not introduce competitive distortions that could negatively impact New Zealand-based operators. Note also that the cruise sector as it operates in New Zealand is very closely tied to Australia so bi-lateral approaches will certainly be needed.

TIA considers that the government role will be extremely important and, with this input currently at an early stage, it will need to be further developed over the period ahead. This role will be critical for enabling industry action and progress. Without the provision of the right support, TIA would consider Option 2 as the more realistic fall-back position.

We believe that aviation and shipping should be considered separately for both measurement and policy support due to their distinct decarbonising trajectories and the different levers available to each sector.

2. If international shipping and aviation emissions were included in the 2050 target, which of these options for counting the emissions would you support?

- **Option 1:** Refuelling – fuel sold in NZ.
- **Option 2:** To/from next port – for the specified travel leg.
- **Option 3:** To/from the final port – for the entire journey.
- **Option 4:** Fuel use within the Exclusive Economic Zone.
- **Option 5:** Share of global emissions.
- **Option 6:** Fuel used by operators based in this country.

TIA supports Option 1.

While none of the options are ideal, on balance, TIA supports the simplest and cleanest approach which is to measure the fuel sold in New Zealand, particularly for aviation. We note that this option would be less effective for shipping given the low level of refuelling that takes place in New Zealand. If this option is selected, TIA supports work being undertaken to address the weakness around those vessels and aircraft not needing to fully refuel in New Zealand.

TIA also supports the reporting data being broken down by aviation, freight shipping and cruise shipping. This disaggregation will assist our understanding of the progress being achieved by each sector which will also support consideration of where policy and programme support will be most needed.

3. If international shipping and aviation were included in the 2050 target, which options for addressing other impacts would you support?

- **Option 1:** Include other impacts through a multiplier.
- **Option 2:** Exclude other impacts from the target at this point.
- **Option 3:** Reconsider in future 2050 target reviews – or possibly earlier if there was a significant change.

TIA supports Option 2 or 3.

It is well understood that, particularly for aviation, there are a range of other climate impacts from emissions over and above the direct level of carbon involved, including contrails and aviation-induced cirrus clouds.

TIA is not well placed to provide advice on the best option to pursue and we note that the Initial Assessment states that the Commission is not yet ready to advance Option 1 given the uncertainty around measuring and understanding these 'other impacts' of emissions across the international shipping and aviation sectors.

Accordingly, we support not including these emissions at this time, which should be reconsidered as and when these other impacts elements are supported by solid measurement data and impact methodologies. Both Options 2 and 3 provide this deferral.

4. If international shipping and aviation emissions are included in the 2050 target, which of these options for the structure of a target would you support?

- **Option 1:** include in the net zero component of the target.
- **Option 2:** Separate combined international shipping and aviation gross component of the target.

- **Option 3:** Separate gross international shipping and aviation components of the targets.
- **Option 4:** Separate net international shipping and aviation components of the target.

TIA supports Option 1 (with other Options also produced).

TIA notes that it is both legitimate and useful to be measuring New Zealand's emissions in a variety of ways, whether net, or gross or by the sector involved. Our underpinning data should cover all of these areas.

In terms of the single agreed metric, TIA considers that the 'net' position should be used as the primary tracking metric, as set out in Option 1, to allow New Zealand's 'overall' emissions profile to be cleanly reported. As we understand it, this is the most widely used approach globally.

In addition to this single metric, we see important advantages in having a next level of reporting that includes breakdown by the various sectors. We see this as including the separate reporting of international shipping and aviation emissions, as well as the emissions from other key sectors of our economy. Also, within the international shipping sector, we would favour this being separated into its freight and cruise sector components, as we would for aviation tourism and freight being separately reported.

TIA's Overall Position

TIA supports the work of the Climate Change Commission and strategically supports the ambition that is set out in the three consultation papers.

In principle, TIA supports including international shipping and aviation in the 2050 target to ensure Aotearoa New Zealand has a holistic account of its emissions profile. Critical to providing this backing is the level of support these sectors will receive to enable the required progress. From a tourism perspective, the sector will get stronger policy and programme support if the emissions are included, and in addition to our principled position, this provides a powerful incentive for the sectors to be included. Engagement in, and leveraging of, the international processes must underpin New Zealand's approach to driving the required progress, with this work to complement our domestic efforts and not to introduce competitive distortions that disproportionately impact New Zealand operators relative to competitors.

For TIA, it is the pathways to action that is the most important factor for us in considering the material set out in the papers. There are certainly various processes in place, but more is needed. It will be our expectation that the Commission will highlight this point within its final advice to Government. TIA requests that this point is strongly made in the final advice.

Thank you for your consideration of this submission.

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 if you have any questions.

Ngā mihi,



Rebecca Ingram
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