

24 Nov 2021

Manatū Mō Te Taiao – Ministry for the Environment
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Kia ora

Tourism Industry Aotearoa Submission to: Te hau mārohi ki anamata – Transitioning to a low-emissions and climate-resilient future

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Government consultation document *Te hau mārohi ki anamata – Transitioning to a low-emissions and climate-resilient future*.

We view this work to be of utmost importance in mapping out Aotearoa New Zealand's pathway to reaching net zero emissions of long-lived gases by 2050.

We support the overall intent and ambition of the draft plan. Our comments are focussed on how the Plan can be strengthened to better recognise and meet the needs of the tourism industry, and indeed how the Plan can assist the tourism industry to achieve its own ambitions ahead of those set out in the Plan.

Tourism Industry Aotearoa

TIA is the peak body for the tourism industry in New Zealand. With around 1,200 members, TIA represents a wide range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions, retail, airports and airlines, transport, as well as related-tourism services.

Strategically, TIA is sharply focused on ensuring the sustainable future of the industry and this is clearly articulated in our key guiding documents and programmes:

- **Strategy.** TIA owns the tourism industry's strategic framework, *Tourism 2025 & Beyond – A Sustainable Growth Framework Kaupapa Whakapakari Tāpoi*. This has the Vision of '*Growing a sustainable tourism industry that benefits New Zealanders*'. This framework guides all TIA work with and across the industry.
- **Sustainability.** TIA launched the *New Zealand Tourism Sustainability Commitment - He kupu taurangi kia toitū ai te tāpoitanga* in 2017. The TSC has the Vision of '*Leading the world in sustainable tourism*'. It is activated through the actions of individual businesses and entities who join the TSC. With almost universal voluntary industry uptake, the TSC has been made a standard part of being a TIA member.

The TSC is based around 12 Commitments that set out the actions or behaviours for TSC members to activate within their operations. This is a balanced scorecard approach using Economic, Community, Visitor and Environment quadrants. The Commitments align to both the UN's Sustainable Development Goals and the Government's Wellness Framework.

The Commitment focussed on reducing carbon use by businesses is:

Commitment 11: Carbon Reduction. *We act urgently to contribute to Aotearoa New Zealand's transition to a net zero carbon economy.*

- **Tourism Carbon Challenge.** TIA is launching this initiative on 29 November 2021 to establish a clear leadership position and to drive a concerted effort to decarbonise the tourism industry. It serves to deepen the work we are already doing with the TSC. This is a framework for how the tourism industry can make substantive changes over time. Importantly, the framework has four key themes: policy, people in the industry, innovation and accountability. We have identified an extensive list of actions that can give effect to this framework, from which we will prioritise the most important actions. When launched, we will provide this as supplementary information to this submission.

Notably, the 'Policy' theme is very much about the need for the overarching policy settings we have in New Zealand to be supportive of what we are seeking to achieve to decarbonise the tourism industry. The Emission Reduction Plan will form a very important part of this and so we have the very clear objective that the policy and programme settings of government are clear, strong and easy to use by the tourism industry. Only by having such a national policy framework in place can tourism itself meet its own objectives.

Our Understanding of the Context

The tourism industry (pre-COVID-19) made up around one tenth of the New Zealand economy as measured by direct and indirect GDP and employment, and 21% of our export earnings. As such, it has a strong interest in the key strategic drivers that we face at global, national and industry levels. At the very top of these drivers is the reality that climate change is increasingly impacting the global community.

In the past month, the international community convened at the 2021 UN Climate Change Conference (COP26) to develop more ambitious commitments to limit greenhouse gases, and New Zealand is fully committed to playing its part. At COP26, the Government announced the commitment to reduce emissions by 50% (on 2005 levels) by 2030, a significant step up from the previous goal to cut emissions by 30%. These commitments have been used to frame our own ambitions for decarbonising the tourism industry.

New Zealand also pledged to support the development of sustainable aviation fuel and zero emissions aircraft by signing up to the *International Aviation Climate Ambition Coalition*. We welcome this given the particular challenges presented by the hard to abate aviation sector where a global response is needed for a global challenge.

TIA's Main Areas of Feedback

TIA strongly supports the intent and the substance of the material contained in the consultation document.

However, with the discussion document being light on tourism-specific perspectives, this submission is focused on matters that we feel are particularly important for the tourism industry and for the vital role it plays in providing connectivity between Aotearoa New Zealand and the global community.

Key points of the TIA Submission:

1. **Strategic Alignment.** The New Zealand tourism industry is fully committed to transitioning to a zero-carbon future as set out in our key strategic documents, our industry sustainability programme and the new Tourism Carbon Challenge.

We are also very aware that the tourism industry is not a singular activity but is made up of parts of many other sectors. Each of these sectors have their own emissions profiles and abilities to change. Some can move quickly, especially if incentivised to do so – such as the electrification of the rental vehicle fleet – whereas others are constrained by technologies and so cannot transition quickly, with aviation the obvious and important example of this. This means while there is a strong strategic imperative to act, the actions themselves will be many and varied, as we have identified in the Tourism Carbon Challenge.

2. **Emissions Trading Scheme.** TIA views the NZ ETS as the essential platform for reducing carbon emissions given that the increasing price of carbon provides a greater incentive to reduce carbon consumption, and therefore the emissions produced. This system should be allowed to do its job and then be supplemented by other policies where needed.

TIA has some concerns of the price of carbon, how quickly it will change and implications for different sectors. Associated with this, we do not think there is strong awareness of what future carbon prices will be and what this might mean. TIA considers that the historic and current carbon price should be transparently expressed, and also where it is expected to get to. This transparency may be influential in guiding investment decision if the longer-term carbon costs are factored in.

Importantly, TIA considers it essential that the proceeds from the NZ ETS are recycled into programmes that will support and enable emissions reductions, such as innovation, research and development, and more.

3. **Enabling Funding.** In the consultation document, we note that there is a wide set of existing measures to support the transition. We support these and are keen to see that they are targeted for best effect and have criteria to enable uptake by those that most need support. As the ERP is implemented, these measures will need to be expanded significantly.

Our interest is in ensuring that there is a comprehensive package of enabling funding to support and incentivise action by both small and large entities. This is particularly important in tourism, an industry which is made up of many small business units, with just a few that are large. Across these businesses, there are many firms who are extremely ambitious, motivated, and capable, and there must be ways to support them in their actions. Also, in tourism there is the need for collective or collaborative effort to drive mass change, such as the Tourism Sustainability Commitment, and these initiatives need to be factored in also. The test should be the ability to make a difference.

4. **Supporting Policies.** TIA welcomes the recognition that to implement the ERP, there will be many policies and settings to change, and TIA considers that these should be developed in conjunction with the industries and sectors that are best informed of what may be needed.

In developing the Tourism Carbon Challenge framework, we have identified some of the important policy settings, and we know that there are many more that will be influential over the period ahead. It is our objective to leverage these policies for best effect as we advance our industry initiative to progressively reduce emissions. Getting the overall policy settings right is essential. We appreciate that this is the purpose of the task at hand, and we are very keen to work with you on an ongoing basis in developing the particular policies and programme responses that are relevant to tourism.

5. **Aviation.** As one of the most remote of long-haul destinations, New Zealand is highly exposed to the very high carbon footprint per passenger for just getting

here. As such, the development of low-carbon aviation is a clear strategic priority for New Zealand tourism.

Given the strategic importance of aviation connectivity, we consider the consultation document is relatively light on aviation and we think it should be included as a separate Focus Area. That said, there are sector-specific actions identified and we support these and consider that they should be strengthened.

There are emergent non-carbon technologies, but realistically these are many years away from being used in practice. TIA supports the investigation into methods of reducing aviation emissions, including the development of non-carbon technologies like hydrogen and electric aircraft for use in the long term. We note that some interesting progress is being made, such as an announcement by Sounds Air to move to zero-emissions aircraft on its short-haul flights in coming years, and we need to ensure support for such initiatives. Support for research and development in these areas must be a priority.

We support the establishment of a body focussed on decarbonising aviation that can serve to bring together thinking from across, and beyond, the sector. However, rather than the proposed advisory body, we recommend the establishment of a public-private partnership approach with costs shared and clear associated policy support from Government. Achieving the target of net zero emissions by 2050 while enabling the aviation industry to provide its essential connectivity functions will require the collaboration of both industry and Government.

On a technical note, and as set out in our submission to the Climate Change Commission, we support international aviation being included in New Zealand's 2050 net zero target, ideally separately accounting for passenger movements and freight. This will provide transparency to this very important part of the tourism industry's carbon footprint and will stake out a leadership position for Aotearoa New Zealand. We understand this may happen from 2024.

6. **Biofuels.** TIA supports the introduction of a Sustainable Biofuels Mandate. We recommend that priority be given to sectors that are the most difficult to decarbonise through other methods. We made this point in our earlier submissions on the Sustainable Biofuels consultation.

Currently, the Sustainable Biofuels Mandate does not separately cover sustainable aviation fuels. We support a specific SAF mandate to incentivise investment in, and uptake of, sustainable aviation fuels, providing certainty to users, investors and producers.

We recognise that developing sustainable aviation fuels at scale will require a comprehensive effort, in which the government will need to play a prominent role with industry partners. Other than incremental aircraft design and deployment advances, sustainable aviation fuels are the only current path towards a step reduction on net carbon emission for long haul aviation, and therefore it should be included prominently in the ERP.

7. **Carbon Offsets.** Given the nature of the tourism industry and some of its 'hard to abate' characteristics, TIA supports carbon off-setting as a practical means of mitigating non-avoidable carbon emissions. We support these being in New Zealand and being focused on native reforestation or other nature-based offsetting such as wetland restoration. TIA sees many ancillary benefits from this approach including biodiversity and landscape gains, as well as amenity and potential business opportunity gains.

However, it is unclear whether New Zealand will have access to sufficient quality nature-based offsets and other methods that may become available such as air capture and storage of carbon. It will be problematic if businesses cannot access sufficient high-quality removal units. We also note that the current NZ ETS settings incentivises planting fast-growing exotic species, and we support the Climate Change Commission's advice that New Zealand should transition to permanent native forests for carbon-sequestration needs before 2050. We feel there is potential for initiatives of scale to make a difference in this area and, for instance, we like the idea of reforesting low value conservation and stewardship land as an innovative approach.

8. **Transport.** TIA supports the ambition to set a pathway towards zero-carbon transport by 2050, with transport emissions reduced by 13% by 2030 and 41% by 2035. We would like to think that land-based tourism operators will be well ahead of these levels once we get the Tourism Carbon Challenge underway, as EVs become increasingly price-competitive, and as the recharging infrastructure is put in place on a comprehensive basis.

We support the development of well-integrated networks of public transport throughout New Zealand, improving reach, frequency and quality of current networks. From a tourism perspective, public transport is important for connecting those without private vehicles to regions and experiences in a low-emissions way. We submit that the pathway set out is slow, with the actions outlined for the first budget period indicating that most work will be planning and setting out principles. We need to move more quickly.

We support the target to increase zero-emissions vehicles to 30% of the light fleet by 2035. In line with this, we recommend the extension of the clean vehicle discounts to include light commercial vans, as this will reduce the potential cost barrier that may prevent businesses from replacing their current vehicles with EVs. Again, we expect tourism will be a fast mover in transitioning to a low emissions fleet.

9. **Research, Science and Innovation.** TIA considers research, science and innovation of critical importance in enabling the required shifts that will allow us to reach New Zealand's emission reduction goals. We support the increase of research, science and innovation activity to 2% of GDP given that we see new knowledge and practices as being vital for making a raft of necessary changes. This is of utmost importance.

Accordingly, we submit on the need to build some process in this area, between industry and government. This must have a strategy and a clear research agenda, access to appropriate levels of funding with these operating to a set of allocation criteria that understands tourism and provides support to the most important and fertile areas within and impacting the industry.

As set out earlier, TIA is of the view that the proceeds from the NZ ETS must be recycled into programmes to enable emissions reductions, such as innovation, research and development.

Finally on this point, we are very mindful of the recommendation of the Parliamentary Commissioner for the Environment that one of the best things we could do is to invest heavily in international aviation emission reduction research programmes as they are the ones most likely to drive the most impactful innovations over time. The Commissioner commented that New Zealand could play a very important role in such collaborations. Could something along these lines be part of the ERP as a large and innovative approach?

Further Input

Please do not hesitate to contact me if you have any queries about our feedback, on 021 609 674 or bruce.bassett@tia.org.nz. Also, we have indicated we will provide supplementary information over the next few weeks as this material comes available.

Ngā mihi

A handwritten signature in black ink, appearing to read 'B. Bassett', is displayed within a light gray rectangular box.

Bruce Bassett
Strategy and Policy Manager
Tourism Industry Aotearoa

Responses to selected consultation questions

No.	Question Topic	TIA Response
4	Nature-based solutions	<p>It is imperative that we drive to multiple beneficial outcomes where nature is used as part of the solution set. For instance, where offsetting is the last resort, TIA strongly favours carbon sink programmes that generate a wide range of benefits: sinking carbon, restoring native biodiversity, creating amenity assets, creating recreation opportunities and commercial opportunities (such as tourism operation in regenerating forests).</p> <p>Also, biofuel development must be done in ways that do not damage ecological, economic and societal values. TIA supports, for instance, the move to sustainable aviation fuels, but this must be done well so downside risks are avoided.</p>
13	Equitable transition	<p>TIA supports initiatives that support their transition to lower emissions. Our experience is that well-intended businesses in the tourism industry struggle to get started, to find the right tools and to embed these practices in their business practices. We find that the key way to do this is to work with individual businesses in a targeted and intensive way.</p> <p>TIA has recently worked with WellingtonNZ to support 12 tourism businesses to become more sustainable and to reduce their carbon footprints. This project is nearly completed and we will be happy to share the project evaluation with you.</p> <p>For SMEs and micro-businesses, decarbonising can be a real impost for businesses that have very limited bandwidth to take on more, and challenging, work.</p>
14	Transition: additional measures	<p>TIA is strongly of the view that industry support mechanisms are necessary to achieve system change.</p>
15	Models and Approaches.	<p>Existing models must be used and supported to effect the desired changes.</p> <p>For instance, TIA has developed and operates the Tourism Sustainability Commitment that includes 'Carbon Reduction' as one of its 12 Commitments. The TSC has been taken up by 1600 tourism industry members covering the majority of the tourism industry. A good number of these are doing carbon reduction work.</p> <p>TIA is creating more depth and urgency the TSC Carbon Reduction stream. On 29 November, TIA is launching the Tourism Carbon Challenge that has the following mission:</p> <p><i>The climate challenge is urgent and the tourism industry must be a driver of change. We must act immediately to accurately measure our individual and collective carbon footprint, work together to significantly reduce carbon emissions by 2030 and be net zero carbon before 2050.</i></p> <p>This is a framework approach that looks to all available levers or pathways that can assist the industry to make rapid progress. The theme areas are Policy, People, Innovation and Accountability. Clearly, the policies and programmes of government will be critical to this Mission, including the Emissions Reduction Plan when it is finalised and implemented. As such, we are very interested to ensure the Plan can deliver in supporting the tourism industry in its decarbonising mahi.</p>

19	Low emission business models	TIA considers that there are multiple opportunities that will emerge from a decarbonised economy and society. In tourism there will be ready transition in some areas, but others are hard to abate. The key will be to create an operating environment where the transition is a benefit rather than a cost. Good metrics, research, technology and structured support will be key to this. We are seeking to drive this type of change through the TSC, but much more could be done through better funded and supported programmes and initiatives.
21	Monitoring and reporting progress.	The tourism industry decarbonisation effort is massively inhibited by the lack of quality and trusted data. Stats NZ has a longitudinal tourism series, but this is regarded as weak given that it has derived estimates by sector which will not be sensitive to real tourism progress. TIA calls for a much more acute measurement system of tourism industry carbon emissions. In addition, we are very keen to strengthen the ability and need for businesses to measure and report their own emissions. While this is a key part of the TSC and a priority area for the new Tourism Carbon Challenge, any support or requirement from the overarching policy framework will be very helpful. TIA feels that this is important from a national perspective. Pre-COVID tourism was 21% of exports, 13% of employment and 10% of GDP. This quantum of our society, and its associated emissions, needs to be measured and understood well, for the benefit of all.
22	New ways to work together	As set out above, the Tourism Carbon Challenge establishes a focussed approach to reduce then eliminate industry emissions. It can only advance this mission if it forms part of wider efforts across government, the private sector and communities. Industry simply does not itself control the levers to drive change and aligning effort will be a prerequisite for success. TIA will be working to build the networks and partners to achieve the mission and we would welcome reference in the Emissions Reduction Plan that can enable these linkages within government and its agencies. TIA seeks to operate to assist government in meeting its goals, and to help it get there sooner.
23	Government accountability and coordination	In our experience government agencies can be difficult to engage unless the expectations on them are very specifically defined by the Government. This is why it is extremely important that the ERP has specific references to tourism and the particular support it needs to play its part in decarbonising Aotearoa.
24	Funding flows	The ERP needs to be 'enabled' appropriately. Government programmes need to be put in place, but equally the right incentives are needed to attract private sector commitment and investment. TIA is very keen, as part of the Tourism Carbon Challenge, to provide the evidence base of the benefits of decarbonising – lower costs, better product, more engaged customers, preferential reputational position, lower risk of having a 'stranded' product, etc. As such, TIA seek support for developing this evidence base and sees a role for government in assisting with this. In some areas, such as the development of sustainable aviation fuels, the requirement might be for a targeted

		government body to partner with to provide interests in order to achieve the scale needed to make a difference. Overall, funding of many sorts will be needed to elicit the essential private sector commitment to act.
28	Emission pricing	<p>The price of carbon and where it will end up is definitely <u>not</u> clear or well understood, and its needs to be.</p> <p>A key part of decarbonising will be to get people looking ahead both for their operations but also their capital investments. A strong understanding of the future carbon price and its contribution to overall costs will be very influential on investment decisions. For instance, if a business is looking to invest in high carbon technology (say a diesel passenger boat) with a 15-year life, the future carbon cost should be factored into this decision. This might shift the decision to a low carbon option that delivers benefits throughout that 15-year period.</p> <p>There should certainly be a very easy to access data series showing the price of carbon over recent years, backed up by a reputable and independent forecast of the future price of carbon.</p> <p>This could be backed up by clear explanation from an economist's perspective about the expected drivers of change over time.</p>
30	Treatment of forestry	<p>As part of the Tourism Carbon Challenge, TIA is keen to understand the carbon offsetting system better than we do. It must be genuine, respected and credible. We have work to do to but we are not convinced that fast-cycle plantation forest meets the standards we would expect.</p> <p>As such, we strongly favour permanent native forest carbon sinks, and we believe greater effort should be placed on advancing these at scale.</p> <p>Our sense is that current incentives are leading to unintended consequences, and this is a matter to address in the ERP.</p>
36	Big technology challenges	<p>The critical emissions question in the tourism industry lies with its aviation component.</p> <p>This is a 'hard to abate' sector for many reasons – long technology deployment cycles (decades for large technology shifts), the critical emphasis on safety, the vast investment and commercial risks involved.</p> <p>No airline can take these matters on alone, and the global aircraft and engine manufactures can only do so much.</p> <p>And yet, technology change is the only way to markedly change the current emissions footprint of aviation.</p> <p>With much of this work outside of Aotearoa, the focus must be on what we can do; for instance, to trial new technologies for electric short-haul aircraft, etc.</p> <p>Another fertile area will be in developing sustainable aviation fuels at scale, and there are interests in advancing this in New Zealand.</p> <p>TIA considers this would be a very good 'mission-based' project to take on.</p>
37	Science system	<p>The science system must be oriented towards supporting key parts of the economy by providing the knowledge and information that is needed.</p> <p>In TIA's perspective, addressing the information needed is important and some existing barriers must be removed.</p> <p>This includes the current investment criteria for many science funds that seems more about the cutting-edge research methodology as opposed to the impact of the research. The specific research needs must be identified</p>

		<p>and acted upon, and hard to abate areas should be prioritised.</p> <p>Having strong fundamental research in place is crucial to provide the foundation work that can then be picked up by industry.</p> <p>Additionally, there needs to be capacity for smaller scale innovation and problem-solving approaches that enable engagement with grass-root operators in the industry.</p> <p>Innovation labs and accelerator programmes work well in tourism to address specific questions.</p> <p>Overall, the current science system does not serve the tourism industry well, and this is a key area of necessary change.</p>
40	Opportunities for innovation	<p>The aviation sector stands out as needing specific support for long term innovation.</p> <p>Some parts of the land transport fleet in tourism have specific needs to decarbonise, such as the electrification of campervan fleets.</p> <p>Hotels and other sorts of accommodation have significant opportunities to innovate to reduce emissions.</p>
42	Encourage to take actions	<p>In TIA's Tourism Carbon Challenge, a key theme is 'people'. At other times we might have called this 'industry', but we recognise that it is the commitment of individual people that will be the key factor.</p> <p>We need to inform, inspire and positively incentivise the actions we are seeking. There are no short-cuts with this. The ERP has to find ways to do this, and TIA will be very pleased to play its role in assisting, particularly to link the ERP initiatives with people across the tourism industry.</p>
45	Circular economy	<p>The TSC supports the circularity of supply-chains and, it logically follows, for energy production, such as for sustainable aviation fuels.</p> <p>SAFs would certainly be the priority area for the tourism industry, ideally with scale to make a real difference.</p>
53	Transport targets	<p>TIA supports the target of 30% of the light vehicle fleet being zero-emissions by 2035. We feel that the tourism industry, with its relatively fast fleet turnover and its desire to innovate, will be at the forefront to the electrification of its light vehicles.</p>
56	Time limit on light vehicles	<p>Blanket prohibitions can cause problems. We support the direction of travel but can also see that there may well be a range of specialised requirements that will need to be taken into account.</p>
57	Other views on transport	<p>TIA considers that a separate aviation treatment (such as being a new Focus area) is warranted given the specific nature of the issues, and its particular solution pathways. We support the three initial actions in the first budget period to:</p> <ul style="list-style-type: none"> • Work with industry of sustainable aviation fuels. • To support a public-private partnership, including an advisory body, on decarbonising aviation. • Support development of zero-emission aircraft. <p>Critical to these areas will be linkages with other parts of the Plan, particularly around the development of Sustainable Aviation Fuels at the scale needed, and support for the R&D that will be essential in enabling substantive reductions in aviation emissions.</p>

58	Energy system	Ensuring we have sufficient low emissions electricity production will be key, with the necessary distribution network, to support a low emissions land transport fleet. With tourists going to many far-flung places, we need to ensure there is a corresponding network and reliable electricity flow to ensure safe visitor movements to those places.
64	Addressing data gaps	The data flows that sit behind all initiatives must be in place and then made available. TIA considers this a key area that will require greater profile and support within the ERP.
68	Support for low-emissions fuels	Sustainable aviation fuels are the only option available at present to reduce emissions for long haul travel. Given the cost structures involved in setting up a programme and attaining scale, government support for initiatives will be critical, as identified elsewhere in the document. This point should be expressed more directly.
82	Building and construction sector	Given the long life of most build structures, it is important that incentives are in place to get the best design and technology in new builds as quickly as possible. Certainly, new build hotels should all be using the best options available. Finding ways to retro-fit these technologies will also be important.
89	Waste sector	TIA strongly supports improvements to New Zealand's waste system. In working with businesses applying the TSC, it is clear that it is the extent and quality of the local waste handling facilities that governs what individual businesses can do. TIA considers some form of national initiative is needed to ensure the regional and local solutions are put in place.
108	Native forest carbon sinks	TIA strongly supports large scale native forest carbon sinks that can also generate a wide range of associated benefits, including biodiversity, amenity value, recreation, and commercial business opportunities, among others. The tourism industry has discussed ideas like purchasing large blocks of land and establishing 'Tourism Carbon Forests'. These would be branded as sinks and visitors could see where their emission off-sets are going. This would be a strong value-add for visitors (e.g. to ethically justify their long-haul flight) and for the industry that would have great stories to tell about forests and wider gains. TIA would be very keen to explore developing such an initiative that could restore what might be low value conservation or stewardship land. We are very keen to pursue this.