

28 March 2021

He Pou a Rangi – Climate Change Commission  
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Kia ora

### **2021 Draft Advice for Consultation: Tourism Industry Aotearoa Submission**

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Climate Change Commission's *2021 Draft Advice for Consultation*. 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.

#### **TIA's Main Areas of Feedback**

TIA strongly supports the intent and the substance of the material contained in the Commission's draft Advice. The Advice will provide the Government with a clear way forward to inform and guide its challenge to activate the entire New Zealand system towards achieving our emission reduction targets. We support the 2050 goal and first three emissions budgets. Our key question is: are we going far enough, quickly enough; are we being ambitious enough?

With the Advice being light on tourism-specific perspectives, this submission is focused on matters that we feel are particularly important for tourism. Our response to the specific consultation questions and in Appendix 1.

Key points of the TIA Submission:

1. **Strategic Alignment.** The New Zealand tourism industry is committed to transitioning to a zero-carbon future and welcomes and supports the draft Advice. We support Government acting directly to the advice provided.
2. **Emissions Trading Scheme.** TIA views the ETS as the essential platform for reducing carbon emissions. 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 in the ETS, how quickly it changes and implications for different sectors. We feel more analysis is needed in this area.

3. **Supporting Policies.** TIA welcomes the recognition that the current policies are not sufficient to drive the needed changes. There are 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.
4. **Aviation.** TIA supports the advice of the Commission that a biofuel approach is the best way to reduce domestic aviation emissions at the current technology settings. TIA also supports new non-carbon technologies like hydrogen and electric aircraft being developed for use in the longer term.

TIA requests that the Commission includes international aviation within its scope of consideration, perhaps as a parallel exercise, thereby including international aviation in our 2050 net zero target. This should ideally separately account for

passenger movements and freight. This work 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.

5. **Carbon Offsets.** TIA supports continued carbon off-setting given some of the 'hard to abate' parts of the tourism industry. We support native reforestation for its ancillary biodiversity, landscape, amenity and business opportunity benefits.
6. **Stability of the System is Really Important.** TIA supports the advice to build a stable system with cross-party support that will endure over the period to 2050. We consider this will be essential for creating the investment environment needed to support the change processes that are involved.
7. **Innovation and R&D.** TIA recognised the need for data, research and innovation to drive and inform the change process, and to generate new knowledge that will solve problems and create new value and commercial opportunity.

### **Tourism Industry Aotearoa**

TIA is the peak body for the tourism industry in New Zealand. With around 1,400 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions, retail, airports and airlines, transport, as well as related-tourism services.

The strategic positioning of the TIA in its leadership of the tourism industry is sharply focused on the sustainable future of the industry. For instance, TIA established and supports 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'.

TIA gives effect to this through the *New Zealand Tourism Sustainability Commitment - He kupu taurangi kia toitū ai te tāpoitanga* that it launched in 2017. The TSC has the Vision of 'Leading the world in sustainable tourism' and it is activated through the actions of individual businesses and entities who join the TSC. With almost universal voluntary uptake by our members, the TSC has been made a standard part of being a TIA member.

The 12 TSC Commitments set out the actions or behaviours that make up a sustainable business from a balanced scorecard perspective – Economic, Community, Visitor and Environment. The Commitments align to both the UN's Sustainable Development Goals and the Government's Wellness Framework.

The carbon-related TSC Commitment being:

#### **Commitment 11: Carbon Reduction.**

We act urgently to contribute to Aotearoa New Zealand's transition to a net zero carbon economy.

In supporting our members to advance this Commitment within their operations, TIA is committed to ensuring the overarching policy settings we have in place in New Zealand support the progress we are seeking to achieve. This submission reflects the clear intent set out in this Commitment. Other relevant TSC Commitments include Commitment 9: Sustainable Supply Chains and Commitment 12: Eliminating Waste.

Our position is also based on the strong desire that TIA and the wider tourism industry does their utmost to be a leader in reducing and eliminating our carbon footprint, both as part of the global tourism community and as a responsible industry within Aotearoa New Zealand.

## **Our Understanding of the Context**

The tourism industry (pre-COVID-19) makes up around one tenth of the New Zealand economy as measured by direct and indirect GDP and employment. 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 unavoidable reality of climate change that is, and will increasingly, impact the global community. There are two responses: to act urgently to reduce greenhouse gas emissions to below critical levels; and to mitigate against the sea level rises, extreme weather and changed climatic patterns.

For the first of these responses, the international community has acted via the Paris Agreement to limit greenhouse gases and New Zealand is fully committed to playing its part. The Government has committed to reaching net zero emissions of long-lived gases by 2050 and to reducing biogenic methane emissions by between 24-47% by 2050.

The draft advice of the independent Climate Change Commission marks a key step on our process. It maps out the plan for New Zealand, particularly what we need to do and when we need to do it. It also sets out near-term budgets so we can tackle tangible actions quickly without being daunted by the amorphous nature of the challenge ahead of us. It also sets out a programme that is both technically achievable and affordable (costing less than 1% of projected GDP over the next 15 years). Given that we are going to need to change everything we do, the Commission's position on affordability is reassuring.

Once the consultation process is complete, the Commission will finalise its advice and provide it to Government which is required to respond by the end of the year.

## **Discussion on Key Points**

The paper sets out a comprehensive body of analysis and advice with the comments below setting out a tourism-related perspective:

1. **Strategic Alignment.** The New Zealand tourism industry is fully committed to transitioning to a zero-carbon future. This is set out in our key strategic documents. We are very aware that the tourism industry is not a singular activity but is made up of many 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 the aviation sector the obvious and important example of this.

Notwithstanding these issues, the tourism industry is committed to moving quickly to transition to our zero-carbon future as and wherever it can. We see emissions reduction as part of the wider drive to a more sustainable future for Aotearoa New Zealand with this being the key strategic priority for TIA.

2. **Emissions Trading Scheme.** We view the ETS as the essential platform policy for reducing carbon emissions and this system should be allowed to do its job and then supplemented by other policies where needed.

We understand that for the ETS to change the incentives to reduce carbon use, the carbon price must rise, with this signaled to rise from the current \$39 per tonne of Carbon Dioxide to \$140 by 2030 (and higher again beyond this). While we know that a rising carbon price will incentivise less use, the draft Advice is not clear of the disproportionate impact on 'hard to abate' sectors.

We feel more analysis of this is needed including what impacts there will be on different sectors. From a tourism industry perspective, it is not clear to us the extent of shift needed and how quickly this will take place. If the 30 cents per

litre for petrol by 2035 reflects the quantum of the shift, this would seem manageable for the industry, while creating the incentive to move to low-carbon alternatives.

TIA considers that the proceeds from the ETS should be recycled into programmes that will support and enable emissions reductions, such as innovation and R&D.

- 3. Supporting Policies.** The Advice is clear that the current policies are not sufficient to drive the needed changes, and TIA welcomes this finding. The Advice signals tangible steps, policy options or package of actions that it considers are needed to drive the required changes. The actions identified such things as accelerating the transition to electric vehicles (both the vehicles and the charging infrastructure), incentivising renewable energy generation, developing bioenergy, facilitating the active transport networks, ensuring effective footprint measurement and validation systems, and many more. TIA feels these policies should be developed carefully and in conjunction with the affected industries, sectors or communities.

We also consider that specific interventions are needed to ensure the information, tools, collateral and guidance are available to support businesses to take the most effective actions.

An important aspect of the supporting policies will be how they support the right decisions now for long lived plant and equipment. For instance, all tourism investments from here on should be the best low-carbon options. Even though they may be more expensive now, some support programmes might get these decisions across the line.

- 4. Aviation.** The draft Advice is light on aviation. It identifies it as a 'hard to abate' sector and suggests it may have a biofuel pathway forward. There are emergent non-carbon technologies, but realistically these are many years away from being used in practice. Also, the Advice includes domestic aviation but not international aviation that is covered by IATA and its CORSIA agreement.

We welcome domestic aviation being included and we would like to see specific data and reporting on its journey to 2050. Initiatives such as the New Zealand Biojet Consortium that is looking at viable pathways for sustainable aviation fuels should be further developed, and other research and development programmes supported.

We note that international aviation (and international shipping) is not included in the programme at this stage as it falls outside the ambit of the Paris Agreement. That said, the Commission has indicated that it will consider its inclusion from 2024. As probably the most remote of all 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 a low-carbon aviation industry is a clear strategic priority for New Zealand tourism.

For this reason, we request that the Commission treat international aviation as if it were included in the scope of the work and thereby including international aviation in our 2050 net zero target. In including international aviation, it would be particularly valuable to separate this into its dual components, that of passenger movements and freight. At this stage, it may be best included as a parallel exercise up until 2024 but we feel there will be real benefits in getting transparency around the carbon use in international aviation. By doing this, New Zealand will be taking a leadership position in what is a highly problematic but strategically important part of the global system.

We are mindful also that the move to include international aviation will require specific thinking on how to best transition to the next generation aviation technologies and fuels, and also to scale up with assured off-setting where decarbonising is not feasible. Jurisdiction with IATA may also need to be considered and addressed. To consider these points and others, we request that the Commission undertake a specific examination of this area.

5. **Carbon Offsets.** Given the nature of the tourism industry and some of its 'hard to abate' characteristics, TIA supports continued off-setting mitigation. We support these being in New Zealand and being focused on native reforestation. TIA sees a number of 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 removal units such as air capture and storage of CO<sub>2</sub>. It will be problematic if businesses cannot access a sufficient supply of high-quality removal units.
6. **Stability of the System is Really Important.** We strongly support the intention to build a stable system with cross-party support that will endure over the period to 2050. Private capital will be much more readily deployed in an operating environment that is not subject to being changed around the election cycle. The necessary long-term investments required to change large parts of our systems, infrastructure and business practices will most likely be put in place if the policy settings are stable over time.

Putting some structure or formality to this cross-party support would be highly desirable.

7. **Innovation and R&D.** A common thread in the Advice is around the need to do things differently. This establishes the need for strong data, evaluation, research and innovation to drive and inform the change process. This body of work will surely generate new knowledge that can create new value and commercial opportunity.

#### **Further Input**

Please do not hesitate to contact me if you have any queries about our feedback. I can be contacted on 021 609 674 or [bruce.bassett@tia.org.nz](mailto:bruce.bassett@tia.org.nz).

Ngā mihi



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## Appendix 1: TIA Responses to Consultation Questions

	Consultation Question	TIA Response
1	Do you support the principles used to guide the analysis?	<p>We support the principles as set out. They give transparency to the breadth of interests you have taken into account in the analysis.</p> <p>One area we feel was missing related to the role of the private sector to drive change, to be a big part of the solution. The tourism industry, for instance, seeks to be a progressive contributor to this journey.</p> <p>Perhaps the idea of associated benefits could be considered. For instance, increased native forest planting will have significant, biodiversity and amenity value over time.</p>
2	Do you support the emission budget levels?	<p>The budgets reflect a gradual reduction that accelerates as the policies and actions taken have an ever-deeper impact. We support this graduated approach, but we are less well positioned to know what the impact will be on tourism operators.</p>
3	Do you support the breakdown of the emission budget (e.g. CO <sub>2</sub> , biogenic methane, carbon removals)?	<p>We support this break down given that each of the component areas requires different responses.</p>
4	Do you support limits on offshore mitigation for emissions?	<p>In general, we agree that mitigations should be onshore where possible. This approach will likely offer great surety of the effectiveness of the mitigations, although we see circumstances where offshore mitigations are appropriate, for instance for New Zealand airlines servicing offshore territories.</p>
5	Do you support cross-party support for the emissions budgets?	<p>We strongly support the attainment of cross-party support for the overall programme and the budgets.</p> <p>We view the sustained efforts to meet our zero emission obligations as a slow-moving ship that takes a long while to get going and to make progress. If there is a chop and change approach across successive governments then progress will certainly be compromised.</p> <p>As a large private sector amalgam of many firms and interests, we place very high value on a stable policy environment that we can plan for and operate to.</p> <p>Putting some formality to this cross-party support would be highly desirable.</p>
6	Do you support coordination of effort across Government?	<p>We feel this to be an essential aspect of the future arrangements for implementing this programme.</p> <p>From a private sector perspective, it can be frustrating and inefficient working with a range of Government agencies when they are not working effectively together.</p> <p>We feel that much industry goodwill will be tied to how successfully agencies can work together.</p>
7	Do you support genuine, active and enduring partnership with Iwi/Māori?	<p>This is an essential cornerstone for the overall programme and mirrors the intent of the tourism industry to operate with and for our Iwi/Māori partners.</p>
8	Do you support central and local government working in partnership?	<p>We strongly support this. A characteristic of the tourism experience is that central and local government tends to operate separately to the detriment particularly of the management of our regional or local destinations. Creating incentives for such partnership work in tackling emission reduction will be important given that many implementation actions will be to be activated at local government jurisdictional levels.</p> <p>We note that legislative change will be required, and we support this in principle and feel that the package of changes</p>

		will potentially have benefits beyond emissions reductions, e.g. better freshwater management.
9	Do you support establishing processes for incorporating the views of all New Zealanders?	We support this recommendation. We consider that the public need to be fully involved in this journey and we also see this as key for achieving the desired cross-party support for the programme. This a 'Team of 5 million' mahi.
10	To lock in net zero, do you support the approach to focus decarbonising sources of long-live gas emissions?	We consider that the reduction of the gases that are causing the climate warming is the fundamentally correct approach as the main platform for the programme to 2050.
11	To lock in net zero, do you support the focus on growing new native forest to remove carbon?	We support permanent use of native forests to sink carbon and we see ancillary amenity, biodiversity and tourism benefits can accrue. There may be merit in faster growing plantation species in some circumstances where carbon sinking can be assured or to generation biofuels or the like.
12	Do you support the overall path to meeting the budgets?	The programme set out appears plausible which is heartening for getting the actions underway. We do note that in reaching this conclusion we are taking the information provided at face value. As with any modelling, the data and the assumptions can be endlessly debated. Our take on this is that the modelling puts a stake in the ground to enable the programme ahead to be established and vigorously advanced. Our priority for the pathway is to get going so we can achieve and exceed the budgets that have been set.
13	Do you support the package of actions to bring about an equitable, inclusive and well-planned climate transition?	The package sets out a comprehensive set of actions. We support this, but we are very mindful that the devil is in the detail. Comprehensive implementation will be needed and there are many parts of the package that may be difficult to deploy. From a tourism industry perspective, we note that as an industry we are actually a part of many other industries – transport, accommodation, hospitality, attractions and activities, retail, etc. – all of which will be impacted in different ways. This makes a whole-of-industry position for tourism difficult to settle on. We do note the breadth of the actions and that the tourism will readily support them, indeed be early adopters e.g. to the electrification of the tourism vehicle fleet. We note that tourism has some 'hard to abate' aspects, particularly aviation that will require further attention to ensure to becomes part of the solution. We are very keen to be part of the ongoing work in this area. We sense the breadth and inclusiveness of the set of actions, which we support. The impacts on communities and households appears to be management and equitable. The question of the transition is important and in this regard, we note the graduated nature of the budgets which indicate an evolution in implementing these actions. We note the expected GDP impact and consider this provides some reassurance that we can indeed 'afford' to advance the programme. Also, we note that potential upsides have not been factored into the modelling which will likely be significant over time.
14	Do you support the package of actions for the transport sector?	We support the development of an integrated transport network and consider that he current lack of such a network is a weakness of the tourism system. We currently have system that makes it necessary for much tourism activity to be car-based. Better services, connections and alternatives will potentially be a major gain for the sustainable operation of the tourism industry.

		<p>We support the acceleration of light vehicle uptake which in the tourism industry will reflect the electrification of tourism vehicle fleet, whether rental cars, camper vans, buses etc. Many tourism businesses are taking steps in this direction and with appropriate government support and the continuation of the price and technology trends for electric vehicles this should be readily attainable.</p> <p>We do note that in the interest particularly of safety, such vehicles may not be best for all situations and also that other technologies, such as hydrogen, may provide a better solution such as for the heavy vehicle fleet.</p> <p>Government support to make the transition happen at the required pace will be needed.</p> <p>We support the increase in low carbon fuels for trains, ships, trucks and planes.</p> <p>The strongest point of interest for the tourism industry lies with the aviation industry, internally and for international connection.</p> <p>As such, how this area of work proceeds is of utmost importance and we note that in all likelihood it will be multi-national international processes and private sector innovation that will drive change in this area.</p> <p>Given this, we consider that every effort should be put in to ensure that New Zealand (both Government and private interests) is at the forefront and contributing effectively as a partner in the processes that emerge.</p> <p>Initiatives such as the New Zealand Biojet Consortium should be supported and further developed (Air NZ, Scion, Refining NZ and Z Energy), and other R&amp;D projects supported.</p> <p>We note that international aviation is not included in the programme at this stage but may be included from 2024. As a long-haul destination, New Zealand is highly exposed to the development of a decarbonised aviation industry is a clear strategic priority for New Zealand to be on top of.</p>
15	Do you support the package of actions for the heat, industry and power sectors?	<p>We support the comprehensive set of actions in this area. They appear to be practical and doable.</p> <p>The programme significantly shifts many aspects of the New Zealand system of which tourism is part.</p> <p>While these actions are not tourism-specific, many if not all, tourism businesses will be involved and impacted.</p> <p>How the implementation of these actions will be configured will be key, and it will be important that the right policies, incentives and support are put in place.</p>
16	Do you support the package of actions on agriculture?	<p>We support these measures set out.</p> <p>We view it as essential that the agriculture sectors are fully involved in the programme.</p>
17	Do you support the package of actions on forestry?	<p>We support this recommendation.</p> <p>We consider that native reforestation to create permanent carbon sink is needed to those hard to abate sectors such as aviation and we also see associated benefits from the amenity and biodiversity benefits, both of which will add to our destination value.</p>
18	Do you support the package of actions on waste?	<p>We support these actions.</p> <p>We call for better measurement of waste generation and disposal, which we consider to currently be a serious weakness.</p> <p>Waste is a very important area for tourism and there is a strong desire to increase the circularity of the tourism system.</p> <p>For non-biodegradable waste, the right systems and incentives are needed to minimise or eliminate the waste, and to ensure safe disposal of any residue.</p> <p>For bio-waste, systems are needed to reduce disposal and to capture and utilise gas emissions.</p>

		Tourism tends to be a taker of the supply-chain and disposal processes, so we welcome this whole-of-system approach. We consider investment in infrastructure is needed to ensure the needed shifts in performance.
19	Do you support the package of actions for the multisector strategy?	<p>We support the action set out.</p> <p>Tourism is the classic multi-sector industry. Our approach to change the behavior of operators is by means of our Tourism Sustainability Commitment that sets out the desired conduct against 12 key areas, including:</p> <ul style="list-style-type: none"> <li>• Commitment 11: Carbon Reduction</li> <li>• Commitment 12: Eliminating Waste</li> <li>• Commitment 9: Sustainable Supply Chains</li> </ul> <p>We see these Commitments (and others) as being highly aligned to the actions set out in this section and elsewhere in the Advice paper.</p> <p>We would welcome the further work to investigate the emission reduction potential and interdependencies across the tourism industry.</p> <p>We support disclosure requirements.</p> <p>We support the building of a Māori emissions profile.</p> <p>The Emission Trading Scheme (ETS) is set out in this section. We consider this to be a critical area for incentivising desired actions (price goes up so consumption will decline) and therefore support it as a baseline tool.</p> <p>But equally, sharp shifts of the ETS prices may adversely impact businesses and business viability. It becomes a matter of the level of carbon price movements and when they happen.</p> <p>At this stage, we do not fully understand how this will work in practice and we seek clarification in subsequent steps.</p>
20	Do you agree with the rules for measuring progress?	<p>We strongly support the development of the measurement system for tracking progress and highlighting areas where more effort is needed.</p> <p>Tourism-specific measures would be desirable, such as for carbon use, waste, supply-chain characteristics, and more.</p>
21	Do you support our Nationally Determined Contribution (NDC) assessment and recommendation?	<p>We support the requirement that New Zealand should play its part under the Paris Agreement and that we should, appropriately, play a leadership role.</p> <p>We defer to the Commission on the best way to advance these NDC recommendations.</p>
22	Do you support our recommendation on the form of the NDC?	We defer to the Commission.
23	Do you support recommendations on reporting and meeting the NDC?	We defer to the Commission.
24	Do you support the assessment of the required reductions of biogenic methane?	We have no particular comment to make other than to say that a full NZ Inc. approach is needed meaning we all need to play our part.