

6 October 2022

Ministry for the Environment
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Email: etsconsultation@mfe.govt.nz

Kia ora

TIA submission on proposed changes to NZ ETS

Tourism Industry Aotearoa welcomes the opportunity to comment on the Government's consultation paper: *Proposed changes to New Zealand Emissions Trading Scheme limit and price control settings for units 2022*.

TIA supports New Zealand's transition to a net-zero emissions future, and we support the important behaviour change and environmental outcomes that can be gained from the ETS over time.

TIA is the peak body for the tourism industry in New Zealand. With over 1200 members, TIA represents a broad group of key tourism businesses across hospitality, accommodation, adventure and other activities, attractions, retail, aviation, land and sea transport, as well as tourism-related services.

TIA established the tourism industry's strategic document, ***Tourism 2025 & Beyond – A Sustainable Growth Framework***. This has the Vision of 'Growing a sustainable tourism industry that benefits New Zealanders'.

TIA gives effect to this via the ***New Zealand Tourism Sustainability Commitment*** that was launched in 2017 to drive to a sustainable tourism future. It has the Vision of 'Leading the world in sustainable tourism'. Refer: <https://sustainabletourism.nz/>. The TSC's carbon-related action being:

Commitment 11

Carbon Reduction – *We act urgently to contribute to Aotearoa's transition to a net zero carbon economy.*

As part of supporting this Commitment, TIA established the ***Tourism Carbon Challenge*** to set out the wide range of actions needed to assist the tourism industry to become a net carbon zero industry (refer attached).

Given current technology constraints, we set the realistic, but still ambitious, goal of transitioning to a net zero carbon tourism industry ahead of the Government's own 2050 goal. The Challenge sets out a wide set of activation pathways, with the national policy settings central to this, including the vital role to the ETS.

In terms of the specific points being raised in this consultation, TIA does not have a particular view, but we support the key features, especially that there will be a reduction in ETS units and that there will be an increase in the price of units within the bounds of 'too high' or 'too low'. We feel that this will progressively increase the cost of carbon and thereby increase the incentives for taking up carbon reduction or elimination technologies or practices.

Our key concern is around whether large fluctuations take place in the unit price, which would result in uncertainty for the sectors involved, which increases the risks for these businesses around pricing their products and services in the near terms. As a long game, it is essential that trust and confidence in the system is a key consideration.

With regard to the revenue generated by the ETS, we see it as extremely important that revenues are invested in the sectors involved so that these sectors in turn have the incentives and the resources to enable them to make the necessary and desired changes. In the aviation sector in particular, every effort is needed to ensure that this key enabler of human mobility is progressing as quickly as it possibly can towards its decarbonised future. This is an area of strategic risk for the tourism industry, and it is important that it is given due support from the ETS system.

TIA would be very pleased to elaborate on the points made in this submission. Please do not hesitate to contact me if you have any questions - 021 609 674 or bruce.bassett@tia.org.nz.

Ngā mihi

A handwritten signature in black ink, appearing to read 'B Bassett', written in a cursive style.

Bruce Bassett
Strategy and Policy Manager