



**Submission to the
Environment Select Committee
on the
Climate Change Response (Zero Carbon)
Amendment Bill**

Date: 16 July 2019




Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Climate Change Response (Zero Carbon) Amendment Bill.

This submission is filed without prejudice to TIA's future position. Our ability to prepare a comprehensive submission responding to the consultation document relied on the provision by the Ministry for Environment of information relevant to the connection between the consultation document and the benefits that would accrue. If any information is provided at a later date, TIA reserve the right to comment further.

EXECUTIVE SUMMARY

1. This Bill is of utmost importance to the tourism industry. If it achieves what it is set out to, it will reshape the way that businesses operate in New Zealand. TIA supports the intent of the Bill to take New Zealand to a zero carbon position by 2050.
2. How New Zealand's environment is managed and fostered is inherently tied to the economic success and well-being of the New Zealand tourism industry. TIA's view is that New Zealand has a unique opportunity to show, in a planned and deliberate way, environmental leadership and integrity – this Bill supports such leadership.
3. This submission sets out our support of the independent Climate Change Commission and the stepped approach towards achieving the zero carbon target.
4. We are less sure of the level of support that will be provided to assist industries that rely on technologies that cannot be made emission-free in the short-to-medium term, including air transport. We feel that research and development will be an important enabler of strong progress in the years ahead and that the Bill should include provision for this or at least highlight it as a priority for the science system.
5. TIA initiatives undertaken in recent years including *Tourism 2025 & Beyond – A Sustainable Growth Framework Kaupapa Whakapakari Tāpoi* and the *New Zealand Tourism Sustainability Commitment He Kupu Taurangi Kia Toitū Ai Te Tāpoitanga* (TSC), have established clear frameworks that tourism businesses can use to become more sustainable, and thereby playing their part in making a sustainable tourism industry. Implementation of the TSC programme is proceeding strongly, with nearly 1200 businesses currently participating.
6. We note that further decisions are to be made on the Emission Trading Scheme which clearly has an important role in pricing the carbon that is emitted, and that a new Bill will be introduced later this year addressing a range of areas including industrial allocation.

INTRODUCTION

7. Tourism Industry Aotearoa (TIA) is the peak body for the tourism industry in New Zealand. With around 1,600 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions and retail, airports and airlines, transport, as well as related tourism services.
 8. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events, membership and business capability. The team is based in Wellington and is led by Chief Executive, Chris Roberts.
 9. Any enquiries relating to this paper should in the first instance be referred to Steve Hanrahan, TIA Advocacy Manager at steve.hanrahan@tia.org.nz
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STAKEHOLDER CONSULTATION


10. In preparing this submission we have engaged with TIA members including Air New Zealand, NZ Cruise Association, road transport sector and Business NZ. We thank them for their feedback and input.

COMMENT

Tourism 2025 and Beyond

11. [Tourism 2025 & Beyond](#) is the New Zealand tourism industry's sustainable growth framework. It has been created by industry, for industry and keeps the tourism industry's focus firmly on growing our value to individuals, communities, the environment, the economy and our visitors. Its development is led by Tourism Industry Aotearoa.
12. Tourism 2025 & Beyond was launched in May 2019 and has a vision of 'Growing a sustainable tourism industry that benefits New Zealanders.' It is closely aligned with the New Zealand-Aotearoa Government Tourism Strategy and takes a balanced scorecard approach. Tourism 2025 & Beyond has four key goals – one for each of the main framework elements:
 - Visitor - International and domestic satisfaction of 95%
 - Community - 90% of New Zealanders are happy with the level of tourism and support growth
 - **Environment - 90% of tourism businesses have Environmental Plans to measure and manage their carbon, waste and ecological footprint**
 - Economic - Annual tourism spend of \$50 billion by 2025.

Our understanding of the Bill

13. The purpose of the Bill is to provide a framework by which New Zealand can develop and implement clear and stable climate change policies that contribute to the global effort under the Paris Agreement to limit the global average temperature increase to 1.5degree Celsius above pre-industrial levels. The Bill would be an amendment to the existing Climate Change Response Act 2002, meaning that all of the key climate-related legislation is covered under one Act.
 14. The Bill will achieve its purpose by:
 - Establishing a new independent Climate Change Commission (the Commission), an independent body that will advise and support the government to reach the targets.
 - Setting a new greenhouse gas emissions reduction target:
 - for biogenic methane (to within the range of 24% - 47% below 2017 levels by 2050); and
 - to reduce net emissions of all other greenhouse gases to zero by 2050.
 - Create a requirement that the government sets emission budgets every five years that will act as 'stepping stones' towards the ultimate goal of zero greenhouse gases (GHG) by 2050.
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- Create a requirement that the government understands the risk of climate change (for example, rising sea levels) and produces adaptation plans to address these through the establishment of a range of climate change adaptation measures.

Greenhouse Gas Emissions in NZ

15. Stats NZ in their 2019 edition of the Environmental-economic accounts (YTD 2017 data) highlight that 'levels of gross emissions are unchanged in the last decade and the rate of new planting in forestry has slowed. Moving to a low-emissions economy will require a combination of reduced emissions from industry and households, and land use changes'.
16. In 2017, industry accounted for 89% of emissions, with primary industries accounting for 52% of that - dairy cattle, sheep, beef cattle and grain farming being the main contributors. Households contributed 11% of emissions.
17. Over the 2007-17 period, total industry emissions decreased 2.9% (2217 kilotonnes), with the main contributors to those decreases coming from electricity and gas supply (down 41.7%, 3359 kt), and sheep, beef cattle & grain farming (down 11.7%, 2969 kt). However, emissions increased for other sectors including dairy cattle farming (up 27.7%, 3636 kt), petroleum/chemical manufacturing (up 63.1%, 1069 kt), and road transport (up 16.5%, 548 kt).

Zero Carbon Aspirations and the NZ tourism industry

18. This Bill is of utmost importance to the tourism industry. If it achieves what it is set out to, it will reshape the way that businesses operate in New Zealand and how we live as a society. TIA supports this Bill.
19. How New Zealand's environment is managed and fostered is inherently tied to the economic success and well-being of the New Zealand tourism industry. TIA's view is that New Zealand has a unique opportunity to show, in a planned and deliberate way, environmental leadership and integrity – this Bill supports such leadership. We consider the intent of the Bill supports the goals of securing a powerful high-value trading proposition for tourism and across many other New Zealand industries, supporting our nation's social health and ensuring that our next generation inherits a land that is better than it is today.
20. In our [October 2017 submission](#) to the New Zealand Productivity Commission on the Issues paper 'Low-emissions economy', we voiced our support for shifting to a low-emissions economy and the benefit this provides for tourism in New Zealand. Tourism takes the lead in promoting New Zealand to the world. A vibrant tourism industry has become an important source of national confidence and identity and a front window for "Brand New Zealand". The clean and pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries. Therefore the goals to reduce net emissions align strongly with our destination brand positioning and future economic wellbeing.



TIA supports the establishment of the Commission

21. We support the structure of the body as an independent Crown entity. We believe this will provide the organisation with sufficient independence to provide an impartial view of the issues and priorities. The Bill places specific responsibilities on government such as the requirement to set emissions budgets and ensure they are met, and also to understand and manage the risk of climate change (for example, rising sea levels). This provides a level of confidence that the government of the day is obligated to take a long term and pro-active approach to managing emissions.

TIA supports the requirement for the government to set emissions budgets every five years

22. The Bill creates a requirement that the government sets emission budgets every five years that will act as 'stepping stones' towards the ultimate goal of zero greenhouse gases by 2050. There will be three consecutive budgets in place at any one time e.g. from December 2021 there will be a current budget for the period 2022-2025, and 2 prospective budgets for the periods 2026-2030 and 2031-2035.
23. We agree with comments made in Air New Zealand's submission that it is important for the business sector there are clear and long-term signals as set out in the Zero Carbon discussion document. In their submission, they also note that a stable and well-planned low emission transition will traverse election cycles. Such certainty will assist New Zealand businesses to more effectively manage the negative economic impacts on their business such as higher costs or lower productivity, and invest in a lower-emissions future in a planned and deliberate way.

Tourism operators are committed to carbon reduction programmes, but there are barriers

24. In May 2019, TIA released the latest iteration of the industry's guiding framework, *Tourism 2025 & Beyond – A Sustainable Growth Framework Kauapa Whakapakari Tāpoi*.¹ The key change has been to place sustainability at the heart of the industry framework with the vision of growing a sustainable tourism industry that benefits New Zealanders. One of the top 10 priority actions is Measuring and Managing Industry Carbon Use, and highlights that 'reducing carbon use will be a key industry priority. Carbon emissions and resultant climate change represent a risk for tourism that requires a systematic industry response'.
25. TIA launched the *New Zealand Tourism Sustainability Commitment He Kupu Taurangi Kia Toitū Ai Te Tāpoitanga* in 2017 to provide the platform for fostering industry uptake of sustainability at a business level. The TSC has the vision of 'Leading the world's most sustainable tourism industry' and uses a balanced scorecard approach – economic, visitor, community and environment. There are 14 Commitments which are specific things that businesses can act on within their operations. Within the Environment area, one of the Commitments is Carbon Reduction, requiring 'Businesses to have carbon reduction programmes towards carbon neutrality'.
26. To support businesses uptake of these Commitments, TIA has a team dedicated to recruiting businesses into the programme and providing assistance including information, case studies, connections to service providers (e.g. Enviromark) and building social networks within regions and sectors to champion uptake and action. There has been very pleasing progress with the TSC. As at July 2019, we have 1177 members and this continues to grow. The tracking survey has two data points – one

¹ <https://sustainabletourism.nz/>

pre-launch and then annually thereafter. 68% of respondents to the 2018 TSC survey reported they had programmes in place to reduce carbon. The target by 2025 is 90%.

27. The approach taken is to strongly encourage individual businesses to reduce their own carbon footprint and through this, collectively the New Zealand tourism industry can demonstrate its commitment to being a sustainable destination. It recognises that achieving carbon neutrality is a journey that has different degrees of difficulty for different types of businesses.
28. This is an important point. There are some industries who will be better placed to move more quickly towards carbon neutrality than others. This is already recognised within the Bill via the separate targets for biogenic methane and all other greenhouse gases to zero. Similarly, sectors within the tourism industry such as domestic aviation will require significant investment and time to move their businesses towards the goals. Air transport is essential to New Zealand's trade, exports, investment and tourism industries. However, these benefits are counterweighed by the aviation industry's climate change impact, with the international aviation sector contributing at least 2% of global emissions, and rising. Carbon emissions by New Zealand's airlines for international aviation are excluded from New Zealand's country target within the UNFCCC Paris Agreement and are dealt with separately by the United Nation's International Civil Aviation Organization (ICAO) and its Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) that New Zealand is a party to. CORSIA mandates carbon neutral growth from 2020. Separately, the global aviation sector, through the International Air Transport Association, has an industry target to halve 2005 emissions by 2050.
29. In a similar vein, the cruise sector has implemented a range of initiatives to reduce emissions. MARPOL is the International Convention for the Prevention of Pollution from Ships. Annex VI of this agreement covers the prevention of air pollution from ships. While NZ has not yet signed up to Annex VI, many of the international cruise ships visiting New Zealand have aligned with the convention, adopting technologies such as scrubbers to reduce the level of air-emissions, using low-sulphur fuel and investing in 'cold-ironing' capacity, enabling the ship to run off electricity when berthed. Cold-ironing capacity is not currently utilised in NZ ports due to lack of capability shore-side.
30. Advancements in technology is key to reducing GHG emissions and this applies to tourism as much as to any other sector. The small-business nature of many tourism operators often means that businesses are a follower rather than leader of new technologies. However, there are enough larger businesses with sufficient capital and vision to be leaders in new technology, and a theme of this investment is in improving the environment. In the transport sector a small number of leading tourism organisations are investing in hybrid and fully electric vehicles for their fleets.
31. In our 2017 paper to the Productivity Commission, we expressed frustration that investment in innovation and technology research for tourism-related matters has low priority within the Government science system. The lack of access to innovation and tourism research funding for the industry is a potential barrier to further uptake of innovation and technology support for a low-emissions economy.

The Emissions Trading Scheme

32. The Government has recently made decisions to improve the New Zealand Emissions Trading Scheme (NZ ETS) and further decisions are expected during 2019 on industrial allocation. Together, the tranche one and tranche two decisions will result in a single Bill amending the Climate Change Response Act 2002 (CCRA), expected to be introduced later in 2019.

33. The tranche two decisions are to:
- improve rates of compliance within the NZ ETS
 - make the scheme more transparent to participants and the public
 - prepare for robust and transparent NZ ETS auctions
 - transition from the fixed price option to the cost containment reserve
 - enable a potential price floor in future
 - establish a separate market governance work programme.
34. This Zero Carbon Bill aims to support New Zealand’s domestic transition to a low-emissions economy. The Bill allows the Government to purchase reductions sourced from overseas to meet emissions budgets, but only as a last resort and not as a first choice. The Commission will set a limit on the number of reductions sourced from overseas that can be purchased, and include reasons for this limit. This is designed to place primary reliance on reducing emissions at home, while retaining flexibility to manage the uncertainty of making long-term projections.
35. We take this opportunity to also highlight the importance of native forests to carbon reduction and the tourism sector. Forestry sequesters almost 50% of gross emissions in New Zealand.² New Zealand’s forests are an integral part of tourism’s environmental value proposition, and this applies particularly to our native forests. Although pine trees provide some value to tourism, they also present some risk. They are generally planted as a single species, single age group monoculture, and as such they are open to risks if a biosecurity threat gets traction. Although pines do provide habitat for some species it is nothing like that of native forests. Native forests provide high value to tourism. TIA recognises that there are other commercial opportunities from planted native forests too. They could be grown specifically for the additional benefits of high quality, high value timber production and the jobs that go with that. Although native forests grow more slowly than exotics and so sequester less carbon in the same timeframe, provided they are not logged, that carbon is deemed permanently stored. Native forests are also better at soil stabilisation and sediment retention especially if they are grown as permanent forests.

Follow up process

36. TIA wishes to participate further in any follow-up process, including any formal meetings, to ensure that the potential impacts on tourism are adequately represented.

BACKGROUND

37. Tourism for New Zealand is big business as the country’s largest export sector. It is a major contributor to the New Zealand economy that will always be here and won’t easily go offshore. Tourism takes the lead in promoting New Zealand to the world. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for “Brand New Zealand”. Indeed, the clean and pure offer that is synonymous with New Zealand

² Carbon sequestration is the process by which carbon dioxide is absorbed during photosynthesis, and is stored as carbon in biomass (trunks, branches, foliage, and roots).

tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.

38. The tourism industry delivers the following value to New Zealand's economy:

- Tourism in New Zealand is a \$107 million per day and \$39.1 billion a year industry. Tourism delivers around \$44 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$63 million in economic activity every day.
- The tourism industry directly and indirectly supports 13.5% of the total number of people employed in New Zealand. That means 365,316 people are working in the visitor economy.
- Tourism is New Zealand's biggest export industry, earning \$16.2 billion or 20.6% of New Zealand's foreign exchange earnings (year ended March 2018).

End.

