



Submission to
New Zealand Productivity Commission
on the
Issues paper 'Low-emissions economy'

Date: 24 October 2017

TOURISM INDUSTRY AOTEAROA

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Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Productivity Commission's Issues Paper (Aug 2017) on a low-emissions economy.

This submission is filed without prejudice to TIA's future position. Our ability to prepare a comprehensive submission responding to the issues paper relied on the provision by the Productivity Commission of information relevant to the connection between the issues paper 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. TIA is pleased with the Productivity Commission's Issues Paper on a low-emissions economy and we are supportive of New Zealand being the world leader in reducing emissions.
2. The tourism industry champions the interests of New Zealand's environment through its own conduct and by being a powerful voice in New Zealand's overall management of its environmental assets. There are genuine gains for tourism if we are looking after our country and advocate for sustainable use.
3. Tourism is a non-consumptive conduit between conservation, recreation and economic development. TIA is of the opinion that the wealth-generating capacity of the New Zealand system will be enhanced from being the world leader in reducing emissions.
4. The tourism industry is taking its responsibility seriously and is involved in many initiatives to offset emissions that have the potential to make travel carbon-neutral.
5. The competitive nature of the tourism industry means it is an embracer of new technology. However, the lack of Government support of innovation and tourism research focused on the tourism industry, is a potential barrier to further uptake of innovation and technology supportive of a low-emissions economy.

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RECOMMENDATIONS

6. New Zealand should be the world leader in reducing emissions.
7. The Issues paper should include a section dedicated to innovation and technology research for industries such as tourism that do not get the same amount of Government support as high-emitters.

INTRODUCTION

8. Tourism Industry Aotearoa (TIA) is the peak body for the tourism industry in New Zealand. With over 1,500 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions and retail, airports and airlines, as well as related tourism services.
9. 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.
10. Any enquiries relating to this paper should in the first instance be referred to Nienke van Dijken, TIA Policy Analyst at nienke.vandijken@tia.org.nz or by phone on 04 494 1842.

COMMENT

Tourism 2025

11. Tourism 2025 (www.tourism2025.org.nz), an industry-led, government supported economic growth framework was launched in New Zealand in 2014 and has set an aspirational goal of reaching \$41 billion in annual tourism revenues by 2025. The industry's focus is on growing value faster than volume.
12. The Tourism 2025 growth framework is based around five key themes which are Insight, Connectivity, Productivity, Visitor Experience and Target for Value. This growth framework has been reviewed ([Tourism 2025-two years on](#)) in 2016. While

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the five themes of the framework remain unchanged, the emphasis in some focus areas has shifted.

Sustainability is one of the themes now being given greater emphasis. There is a desire and expectation that long term economic, environmental, cultural, and social sustainability becomes a core value against which all decisions are being tested.

Our understanding of the issue

13. TIA understands that:

- The Productivity Commission has been asked by the Government to undertake an inquiry into how New Zealand can maximise the opportunities and minimise the costs and risks of transitioning to a lower net-emissions economy.
- The inquiry will identify options for how New Zealand could reduce its domestic greenhouse gas emissions and transition towards a low emissions future, while continuing to grow incomes and wellbeing.
- Agriculture is the largest source of emissions in NZ, followed by transport (road vehicles are responsible for more than 90% of transport emissions).
- Carbon sequestration¹ is the process by which carbon dioxide is absorbed during photosynthesis, and is stored as carbon in biomass (trunks, branches, foliage, and roots). Forestry sequesters almost 50% of gross emissions in New Zealand.
- That anthropogenic (caused by humans) climate change is excluded from the scope of the inquiry.

¹ Source: New Zealand Forest Owners Association, *Carbon sequestration and emissions trading* - as sourced from <https://www.nzfoa.org.nz/plantation-forestry/carbon-sequestration>

General

Tourism and our natural environment

14. Tourism in New Zealand is big business, being 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.
15. 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 tourism has been widely adopted and used to promote New Zealand exports in a range of other industries.
16. The New Zealand tourism industry is highly reliant on the environment in which visitors immerse themselves, whether this is air and water quality, forests, wildlife, or urban environments. The quality of how we manage our environment is inherently tied to the performance of the tourism industry in the minds of our visitors. As such, tourism must champion the interests of our environment through its own conduct and by being a powerful voice in New Zealand's overall management of its environmental assets. For example, there are genuine gains for tourism if we are looking after our country and advocate for sustainable use.
17. The New Zealand economy could grow further by being a world leader in reducing emissions. An economy that focuses on tourism contributes to conservation, recreation and economic development in a non-consumptive manner. This non-consumptive conduit monetises the value without extracting the resource. This is sometimes regarded as a secondary or tertiary-level of value and for some groups this value is less tangible to measure than direct or primary use (such as agriculture), but it exists equally (or greater) in its tangible value to the New Zealand economy and the value ultimately achieved is just as real.
18. To ensure a sustainable future, the New Zealand tourism industry must ensure it is demonstrably committed to looking after all the resources it uses to operate. Sustainability must become a genuine ethical underpinning of the industry.

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19. The tourism industry aims to apply its sustainability values consistently and deeply in its operations. It does so in line with the guiding and enduring values of kiatiakitanga, manaakitanga and whanaungatanga – values of guardianship, hospitality and relationships – all of which are central to achieving a successful and sustainable tourism industry.

Long-haul flights

20. Many of New Zealand’s visitors will need to take a long-haul flight to get to New Zealand. We understand that in the current accounting framework under the Kyoto Protocol, nations are not accountable for emissions resulting from international transportation.² Although outside the scope of the Productivity Commission’s inquiry, we do realise that international air travel is a large source of emissions.

21. New Zealand is a member of the International Civil Aviation Organization. Its members are committed to phasing in carbon neutral growth of their activities from 2020. Although airlines will continue to grow the goal will be achieved through fuel efficiencies, carbon offsets from e.g. forest plantings and, ultimately, technology breakthroughs such as synthetic fuels and hybrid and electric planes.³

22. TIA member Air NZ has been leading the way in the New Zealand tourism industry by launching Air New Zealand’s sustainability framework (socially, economically and environmentally) back in 2015, which includes a strong focus on carbon reduction.

Tourism industry acknowledges its responsibility

23. The tourism industry is involved in many initiatives contributing to achieving travel carbon-neutrality. For example, many tourism operators have joined environmental certification programmes such as Qualmark Enviro, Carbon & Sustainability Programmes and Earthcheck.

² Source: Dr Susanne Becken, *The carbon footprint of domestic tourism, technical report*, August 2009, as sourced from

https://researcharchive.lincoln.ac.nz/bitstream/handle/10182/1216/becken_carbon_footprint.pdf;sequence=1

³ Source: Rod Oram, *‘Open your eyes to create a climate legacy’*, 15 October 2017 – as sourced from

https://www.newsroom.co.nz/@boardroom/2017/10/14/53467/open-your-eyes-to-create-a-climate-legacy?lipi=urn%3Ali%3Apage%3Ad_flagship3_feed%3B3p%2BZVpfZTJqnvaigBeaqkg%3D%3D

24. Another example was the launch of a national programme to improve the energy performance of New Zealand's tourism businesses, a joint project between the Energy Efficiency and Conservation Authority and TIA in 2009. This Tourism Energy Efficiency Programme provided practical assistance for tourism businesses in the accommodation and transport sectors to use energy management to reduce costs, reduce environmental impacts and to retain jobs.
25. Airports, such as Auckland Airport and Christchurch Airport, are also actively trying to reduce their carbon emissions. Christchurch Airport is implementing ground source power to their aerobridges, allowing aircraft on the ground to be powered by mains power rather than using their auxiliary power units in 2016.
26. In Sept/October 2017 TIA conducted a State of Sustainability Survey asking its members to assess how sustainable our industry's current business practices are. The results of the survey, with over 300 replies, showed that more than 80% of the respondents make conscious efforts to monitor and/or reduce the carbon footprint of their business. Nearly 45% reduce their carbon emissions whenever they see feasible opportunities to do so; close to 38% have the reduction of their carbon footprint as an integral part of their business philosophy; more than 32% noticed that reducing their carbon footprint also resulted in financial benefit (cost reduction); and more than 20% have a carbon reduction policy in place or have tangible carbon reduction targets in place. Of the ones that currently do not do this, more than 70% had already decided or are considering reducing their carbon footprint in the future.
27. The results showed that initiatives to reduce their carbon footprint were wide ranging and included active recycling, planting a carbon forest, using a hybrid vehicle fleet, solar powered minimalised fossil fuel usage, and many more.
28. In November 2017, TIA will be launching the [Tourism Sustainability Commitment](#). This project will establish high level industry aspirational goals relating to economic, environmental and social sustainability. It will also identify actions that tourism businesses can undertake that contribute to achieving the goals.

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Tourism industry and new technology

29. As noted in the Issues Paper, innovation and disruptive new technologies will play a critical role in reducing GHG emissions.
30. The competitive nature of the tourism industry means it is an embracer of new technology. A good example of this is Tourism Holdings Ltd (*thl*) looking at adding hybrid and fully electric vehicles to its motorhome fleet.
31. A similar example is Europcar. Europcar is an advocate for the use of electric vehicles, recognising the environmental benefits of electric vehicles, which include no carbon emissions, improved air quality and therefore lower environmental impact.⁴
32. The Issues Paper includes examples of institutions that support innovation and technology in New Zealand. One example is the Global Research Alliance on Agricultural Greenhouse Gases, funded by the Government, aiming to reduce agricultural GHGs while maintaining global food security.
33. It is frustrating that investment in innovation and technology research for tourism operators hardly features in government initiatives and research projects. As noted, tourism is the biggest export earner of New Zealand. The lack of access to innovation and tourism research for the industry is a potential barrier to further uptake of innovation and technology support for a low-emissions economy.
34. TIA would like to see a section in the Issues paper dedicated to innovation and technology research for industries such as tourism that do not get the same amount of Government support as high-emitters.

Follow-up process

35. 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.

⁴ Source: Europcar, *Electric Vehicles*, as sourced from <https://www.europcar.co.nz/electric-vehicles>

BACKGROUND

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

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

- Tourism in New Zealand is a \$95 million per day and \$34.7 billion a year industry. Tourism delivers around \$40 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$55 million in economic activity every day.
- The tourism industry directly and indirectly supports 13.2% of the total number of people employed in New Zealand. That means 332,322 people are working in the visitor economy.
- Tourism is one of New Zealand's biggest export industries, earning \$14.5 billion or 20.7% of New Zealand's foreign exchange earnings (year ended March 2016).

End.

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