

27 July 2023

Ministry of Business, Innovation & Employment  
15 Stout Street  
Wellington

**AIR NEW ZEALAND SUBMISSION ON THE DRAFT TOURISM ENVIRONMENT ACTION PLAN – HE ĀHURUTANGA TAIAO, TOURISM INDUSTRY TRANSFORMATION PLAN**

Air New Zealand welcomes the opportunity to submit on the *Draft Tourism Environment Action Plan - He Āhurutanga Taiao, Tourism Industry Transformation Plan, Tourism Industry Transformation Plan* (the **Draft Plan**).

Air New Zealand acknowledges the mahi and care that went into the development of the Draft Plan and takes this opportunity to express its gratitude and pride in being part of the Tourism Industry Leadership Group.

Air New Zealand is acutely aware of the impact aviation has on the environment and the over representation of aviation in Aotearoa New Zealand's tourism industry's total greenhouse gas emissions. Decarbonising aviation and air travel is a critical part of any plan to minimise tourism's impact on the environment.

**Appendix 1** of this submission summarises Air New Zealand's feedback on the Draft Plan. The feedback focuses on the activity and policy required to accelerate the accessibility and deployment of sustainable aviation fuel.

We welcome further discussion on the content of this document and look forward to working constructively with the Ministry. Should you require any further advice on this submission, please contact Kiri Hannifin, Chief Sustainability Officer ([kiri.hannifin@airnz.co.nz](mailto:kiri.hannifin@airnz.co.nz)).

**Kiri Hannifin**  
Chief Sustainability Officer  
Air New Zealand

## APPENDIX 1 – RECOMMENDATIONS ON THE DRAFT PLAN

### Feedback on the Tirohanga Hou and Actions

#### **Tourism journeys are decarbonised**

1. Aviation contributes significantly to the emissions profile of the tourism industry. Air New Zealand supports policies and activities that facilitate and support gross emissions reductions within the aviation sector.
2. Air New Zealand is supportive of the actions for decarbonising international tourism travel outlined in the Draft Plan. Air New Zealand provides the following feedback in this respect.

#### ***Feasibility studies into domestic production of sustainable aviation fuel***

3. Air New Zealand gratefully acknowledges the funding contributed by the Government to support the feasibility of domestic production of sustainable aviation fuel (**SAF**).
4. Air New Zealand in partnership with the New Zealand Government, will proceed to the second phase of a detailed feasibility study considering the viability of domestically produced SAF.<sup>1</sup> The second phase of the study will involve Lanza Jet and Fulcrum Energy considering the viability of SAF production in New Zealand using woody biomass and municipal solid waste as feedstocks respectively.
5. As well as supporting aviation emission reductions (and indirectly supporting New Zealand's trade and tourism industries), domestic production of SAF would have wide ranging benefits for New Zealand and the broader economy. Domestic SAF production would create green employment opportunities in regional New Zealand, it would provide New Zealand with a greater degree of energy security, it would provide an end-of-life solution for traditional waste products (including slash and debris from forestry), improve air quality and it would create exportable intellectual property for New Zealand.
6. Part of the viability consideration will include identification of policy measures that could be implemented to make domestic production feasible. We strongly encourage the Government and the tourism industry to engage in this process and support the required policy interventions as options arise.
7. As part of this study, it is anticipated that further clarity regarding access to biomass in the economy will be required. We recommend a hierarchy of use cases be urgently established as part of the broader bioeconomy development to inform this process. This hierarchy must consider priority access to biomass resources for hard to abate sectors where alternatives (such as electrification) are not possible. Commercial feasibility should not be the sole driver of access to biomass, particularly where electrification is possible.
8. If domestic SAF production is considered viable, there are mechanisms that can help to de-risk first of a kind plants. We encourage the Government to consider the role of capital grants, low interest loans and favourable tax treatment for first of a kind plants.

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<sup>1</sup> Ministry of Business, Innovation and Employment. 16 June 2023. *Studies fuel investigation into sustainable air travel* (online). Available [here](#).

9. We note that the United Kingdom Government has invested in the development of eight domestic SAF plants and established a £165m Advanced Fuels Fund designed to support domestic SAF production projects through to commercial-scale production. The United Kingdom has a public ambition to have at least five commercial-scale SAF plants under construction domestically by 2025.<sup>2</sup>

### **Establishing a SAF specific mandate**

10. Establishing a SAF specific mandate will help Aotearoa New Zealand access SAF. Given the importance and impact of a mandate on the aviation sector, we outline the primary considerations that should be contemplated in the policy design process.
11. A SAF-specific mandate is required as soon as possible to provide the certainty of demand and economies of scale required for investment in domestic SAF production and imported SAF supply.
12. Any mandate must apply to all aviation fuel uplifted in Aotearoa New Zealand regardless of destination. This is required to achieve the economies of scale for domestic production and imported supply, and to prevent competitive distortions arising.
13. Alongside a SAF-specific mandate, additional policies, incentives and investment are essential to support the establishment of a SAF industry in Aotearoa New Zealand and to close the commercial gap with fossil jet fuel. This includes policies to prioritise biomass feedstock for SAF production. A SAF mandate alone will not make SAF commercially viable.
14. The mandate design should incentivise access to and scaling of Power-to-Liquid SAFs and blend diversification. In this respect we reference the United Kingdom's SAF mandate design as an example.<sup>3</sup> The United Kingdom's proposed mandate includes a fixed portion of the mandate applying to Power-to-Liquid SAF.
15. SAF would need to achieve a minimum carbon intensity reduction compared to fossil jet fuel in order to be eligible for the mandate. The mandate should be designed to incentivise SAF with the lowest carbon intensity. We recommend a minimum 60 percent carbon intensity reduction compared to fossil jet fuel.
16. The mandate design should provide a relief mechanism in the event eligible SAF cannot be sourced. However, access to this mechanism should be limited to prevent strategic non-compliance. A supplier using a relief mechanism would discharge their obligation without any reduction in emissions. As such, the policy design should ensure it is only used in limited circumstances. The United Kingdom's SAF mandate design uses a buy-out mechanism as a relief mechanism.<sup>4</sup>
17. Not all SAF is created equally. Sustainability criteria must be embedded and regulated throughout New Zealand's development of a SAF industry. Strict sustainability criteria must be attached to feedstocks, life cycle emissions reduction and supply chains. This is

<sup>2</sup> United Kingdom Government. 2022. *Advanced Fuels Fund (AFF) competition winners – Transparency data* (online). Available [here](#).

<sup>3</sup> United Kingdom Department for Transport. 2023. *Pathway to net zero aviation: Developing the UK sustainable aviation fuel mandate* (online). Available [here](#).

<sup>4</sup> Ibid.

important for the tourism industry, the environment, the climate and to maintain the social licence to use these fuels in Aotearoa New Zealand.

18. Internationally, debate as to the sustainability of certain feedstocks is continually evolving. We encourage the Government to engage on the global decision making on the sustainability of feedstocks. This is critical to ensure upmost integrity of the standards and to ensure the sustainability credentials of Aotearoa New Zealand's unique feedstocks are recognised (as appropriate).<sup>5</sup>
19. The evolving debate as to which feedstocks are considered sustainable presents a significant risk for SAF producers. Feedstock is the most expensive component of SAF production, and so certainty as to feedstock cost, supply, and acceptability is central to any investment in SAF production. Transparent and clear sustainability criteria will be essential to encourage investment in domestic SAF production. This will also be important for assessing and securing the supply of SAF produced in other jurisdictions.

### **Tourism Champions biodiversity**

20. Air New Zealand supports activities that preserve, protect and regenerate Aotearoa New Zealand's precious biodiversity and ecosystems.
21. Air New Zealand suggests there could be a role for Tiaki to encourage and facilitate visitors to take action. This could be at a national level and providing options for participation in regenerative activities, across all regions.
22. Air New Zealand supports the role of assessment and certification schemes to help measure biodiversity impacts. Air New Zealand endorses Qualmark but notes that further review of how Qualmark measures and supports Māori operators is required.

### **Visitor management is optimised for te taiao**

23. Tiaki can play a bigger role than that outlined in the Draft Plan. Air New Zealand endorses the feedback submitted by Te Kāhui Tautiaki.
24. Te Kāhui Tautiaki recommends that accelerating adoption and awareness of Tiaki – Care for New Zealand should be included as an action under Tirohanga Hou: Visitor management is optimised for te taiao:

*Influencing visitor behaviour is a significant lever within visitor management that compliments the exiting actions concerning volume and visitor mix. How visitors in Aotearoa New Zealand behave is important, as even a small volume of visitors can have*

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<sup>5</sup> Air New Zealand notes the risk to feedstock supply in New Zealand from the Roundtable for Sustainable Biomaterials, which has proposed putting strict limits on the use of woody biomass from post-harvest residues. Air New Zealand and Scion have been engaged on this issue and welcome further engagement. Notwithstanding, Air New Zealand fully supports independent third-party certification of feedstock supply chain sustainability and see this certification as an important component underpinning the success of a domestic SAF industry.

*an outsized impact on the mauri of our environment and communities depending on their actions.*

*Tiaki is a meaningful and powerful kaupapa that is grounded in mātauranga and tikanga Māori. It has support and adoption across the tourism sector and can play a key role in visitor contribution towards a regenerative tourism system. However, awareness and engagement with Tiaki remains relatively low. Currently less than 15 percent of international visitors are aware of Tiaki. There is an opportunity for the sector to accelerate their adoption of Tiaki and help to drive awareness of and engagement with the kaupapa through their interactions and touchpoints with visitors.*

**The tourism system and its levers are optimised and resourced to support regeneration**

25. Air New Zealand supports a high-level assessment of the tourism system and endorses the inclusion of social and cultural wellbeing in any future review of the tourism system.