



tourism
INDUSTRY
ASSOCIATION NEW ZEALAND

**Climate Change/Kyoto Protocol
Plain English 'Fact Sheets'**

September 2005

What is Climate Change and the Kyoto Protocol and who is involved?

The Kyoto Protocol is an international agreement that New Zealand signed up to in 2002. It is a world-wide response to concerns about global warming.

Governments around the world are becoming concerned that global warming, caused by burning fossil fuels such as petrol and coal, is becoming a serious issue. This global warming is caused by the atmosphere heating up due to too much CO₂ (Carbon Dioxide) in the environment. This causes a 'greenhouse effect' where the sun's warmth becomes trapped. To some extent, this 'greenhouse effect' occurs naturally, but CO₂ emissions are exacerbating this effect and this is causing problems.

The effects of global warming include:

- Increases in the world's temperatures
- Changes in plant and animal life due to environments being altered
- The warming of the seas, altering or even destroying marine life
- The melting of the poles
- The melting of snow leading to glaciers disappearing
- Some places becoming colder, and other places becoming warmer and dryer.

A total of 141 countries around the world, including the European Union, Russia and Japan have signed up to the Kyoto Protocol. The United States and Australia did not sign up and the Protocol excludes developing countries such as India and China.

The Protocol is a legally binding document that will require New Zealand and the countries that signed up to it to reduce the CO₂ emissions they put into the environment. In practice, this will require lower energy use (especially that generated from fossil fuels such as oil and coal), reduce transport pollution, and encouraging the use of alternative fuels such as hydrogen and bio-fuels, and renewable energy sources, eg, solar and wind.

Another option is to develop or set aside areas such as lands which can regenerate forests that remove carbon dioxide from the environment.

Overall, industrialised countries will need to cut their combined emissions into the environment to 5% below 1990 by 2008-2012. Individual governments of the countries that signed up to the Kyoto Protocol will need to implement their own policies to ensure that their country meets its obligations. If countries do not reduce their CO₂ emission to the levels required, they will need to purchase 'carbon credits' from those countries (or companies) that are emitting fewer carbon emissions than they are offsetting through forests, or who have reduced their emissions below the required levels. This is known as carbon trading.

What does the Kyoto Protocol mean for New Zealand?

New Zealand also will need to reduce its emissions back to 1990 CO₂ emissions. This will be a real challenge for New Zealand as Ministry for the Environment figures show that in 2002 CO₂ emissions were 22% higher than they were in 1990.

The current New Zealand Government has developed particular policies to enable New Zealand to meet its commitments (*note that this is the current policy as at September 2005. This could change depending on the composition of the government following the 2005 General Election*). These policies centre around a carbon charge on each tonne of carbon which will apply from April 2007. This policy has the objective of encouraging users of energy to become more energy efficient.

The carbon tax will be set at \$15 per tonne of carbon. This carbon tax will add approximately four cents to the price of petrol and about one cent a unit to the price of electricity.

Based on Landcare Research figures, this could add approximately \$5,000 per annum to the operating costs of a hotel with 300 beds.¹

The New Zealand Climate Change Office (NZCCO) estimates that energy efficiency improvements of 4-7% would generally be sufficient to offset these carbon taxes.

Other key policies by the government include:

- Tax credits to businesses or organisations that engage in projects that reduce greenhouse gas emissions. Such initiatives might include the setting up of wind farms, hydroelectric schemes and landfill plants.
- Companies that would suffer a loss of international competitiveness as a result of New Zealand's carbon taxes can apply to be fully or partially exempt from carbon taxes. To do this they need to set up a programme committing themselves to reducing their emissions to a standard that equates to world's 'best practice' (negotiated greenhouse agreements)

To find out more about these projects, contact TIA Policy Manager David Barnes at email: david.barnes@tianza.org.nz

¹ Based on 36,000 visitor nights, 3 restaurants (2 operating in the winter), 2 bars and a laundry.

What does the Kyoto Protocol specifically mean for my business?

Generally if you use less energy your exposure to carbon taxes on energy will be reduced. Also, if you use alternatives to fossil fuels, or engage in sustainability initiatives, these actions will help you reduce the CO₂ emissions made by your business.

For example, some of the actions you could take include:

- Switching to fuels that produce less, or even negligible CO₂ emissions. This means using less petrol, diesel, coal and electricity and instead using natural gas, biofuels and electricity generated from renewable sources, eg, solar power, wind power.
- Introducing energy efficiency initiatives to your business such as more efficient vehicles, better insulated buildings, and more efficient heating.
- Taking up sustainability initiatives that have at least one objective relating to reducing CO₂ emissions from your business, eg, Green Globe 21
- Undertaking a project where you make an investment in an initiative that reduces greenhouse gas emissions (using the Government's Project initiative).

In general, for most smaller businesses, the easiest way of reducing your exposure to carbon taxes will be by using less energy including fuel and electricity.

In the next section, we show you specifically what steps you can take to reduce the use of energy in your business.

What active steps can I take to reduce the impacts Kyoto has on my business?

Reducing your overall energy consumption is probably the easiest way for most businesses to reduce their exposure to carbon taxes.

Here is a list of key areas of your business where energy savings can be made:

- Undertaking an energy audit (EECA subsidies are available)
- Carefully managing hot water supplies
- Insulating buildings and designing and constructing buildings with energy efficiency in mind
- Using solar energy for heating and hot water
- Encouraging teleconferencing to reduce travel for meetings
- Managing office equipment, including turning off equipment when not in use or out-of-hours. Choosing energy efficient equipment when you are making new purchases
- Choosing fuel efficient vehicles, or fleets that run on alternative fuels
- Using energy efficient motors, pumps and fans where possible
- Carefully managing boilers, or converting boilers so they use fuels that produce few CO₂ emissions, eg, wood pellets
- Becoming involved in sustainability initiatives such as Green Globe 21 that require you also reduce your CO₂ emissions.

The Business Guide to Energy Efficiency produced by the New Zealand Business Council for Sustainable Development (website in the Resources section of this document) provides comprehensive information on the steps you can put in place to make your business more energy efficient.

We recommend you examine this guide. It contains a series of fact sheets showing the different areas of your business that use energy, and how you can dramatically reduce your energy consumption by making changes to the way you run your business. It also provides case studies quantifying the savings you could make.

For further information please contact contact TIA Policy Manager David Barnes at email: david.barnes@tianz.org.nz

What is the Tourism Industry Association New Zealand doing to help me?

TIA has been actively involved in advocacy on the climate change/Kyoto Protocol issue since the early part of this decade.

In particular, we have undertaken the following actions on behalf of members:

- We have worked extensively with Government officials and politicians so they are mindful of tourism when they develop policies on climate change. This work has led to tourism being recognised as a particularly energy intensive industry, and one that should be targeted for government assistance for projects that reduce our dependence on fossil fuels.
- TIA commissioned research quantifying the full expected impact of Kyoto on tourism. This shows that tourism could lose over \$113 million in profits each year through carbon taxes, and that the transport and accommodation sectors will be especially hard hit.
- Organised scenario planning exercises that have considered the possible impacts of climate change on tourism 50 years out from now. The results of this exercise are available to members by contacting TIA.
- We have worked with tourism sectors such as the accommodation and bus and coach sectors to secure funding assistance for energy audits and projects to explore the use of alternative fuels such as biodiesel; and
- We have conducted regional seminars for members on simple environmental plans and other cost savings initiatives for businesses.
- We have helped to create awareness and position tourism as a progressive industry by making our 2005 New Zealand Tourism Conference ‘carbon neutral’. We have done this by investing in forest regeneration through EBEX 21, and asking conference attendees to pay an extra \$7.50 as part of their registration.

We will continue to help members by:

- Lobbying hard to ensure that central government develops effective policies and provides assistance that helps businesses upgrade their technology so they can use alternative fuels/use less energy.
- Directing you to paper and web-based resources that can help you reduce your energy use and dependence on fossil fuels (in the first instance see the next section for some local resources). Contact either Geoff Ensor, Sector Manager, TIA at geoff.ensor@tianza.org.nz or David Barnes, Policy Manager, TIA at david.barnes@tianza.org.nz for further information.

What assistance is available to help me (including web-based resources)?

There is a lot of assistance now available to help businesses learn more about alternatives fuels, and ways to reduce your reliance on energy produced by fossil fuels.

Here are some websites containing some useful resources:

- Energy Efficiency Conservation Authority: www.eeca.govt.nz This website provides advice on how to become more energy efficient, and the government assistance that is available to help you do this.
- New Zealand Business Council for Sustainable Development: For extensive information on business sustainability go to: www.nzbcscd.org.nz This website provides access to the Business Guide to Energy Efficiency that contains comprehensive and detailed resources for your business.
<http://nzbcscd.org.nz/energyefficiency/>
- Sustainable Business Network: www.sustainable.org.nz This site also contains many tools and resources to enable your business to introduce energy savings.
- Emprove: www.emprove.org.nz This is a service run by EECA and features systems that enable you to assess your current energy use, and to work towards becoming energy efficient. It also provides information on energy audit grants.
- Energy Smart: www.energysmart.com.au This is a service provided by the New South Wales Government. It provides useful tips for businesses on energy efficiency.
- Ministry for the Environment: www.mfe.govt.nz a website providing comprehensive information on environmental issues in New Zealand.
<http://www.mfe.govt.nz/issues/sustainable-industry/tools-services/concepts.php> Also visit the 'simply sustainable' part of MfE's website for specific information on initiatives you can introduce to your business.
- New Zealand Climate Change Office: www.climatechange.govt.nz For information on climate change and the government's policies on climate change.
- Ebex 21: www.ebex21.co.nz An integrated service to help businesses measure, manage and mitigate CO2 emissions.

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