

So, the key question is:....

So, the key question is: How do we keep travel and tourism, but lose the carbon? How do we decarbonise? We know that, globally, about 40% of our sector's emissions come from air transport, and the rest from accommodation, at 21%; land transport, at 32%, and a small percentage from other tourism activities. If international tourist arrivals were to continue growing at its current pace, and we did nothing to decarbonise, emissions from air transport alone will increase four-fold by 2050. If all economic sectors followed this path, it will be impossible to avoid dangerous climate change during this century.

Fortunately, we also know that we have many options to reduce our sector's carbon footprint.

In the accommodation cluster, green building design, energy-efficiency measures and renewable-energy deployment are priorities.

In the land transport cluster, a shift in passengers' preferred form of transport, more efficient vehicles and low-carbon fuels, as well as improved public transport in 'green cities', represent the most promising mitigation options.

In the air transport cluster...

In the air transport cluster, the most viable mitigation options for the next two decades are mainly related to the way in which we run our airports and planes, as well as technology-driven efficiency improvements. However, in the long run, there are only two big game changers: firstly, the introduction of sustainable, or so-called second-generation, biofuels as a substitute for kerosene jet fuel, and, secondly, the establishment of a market-based mechanism such as a global emissions trading scheme. Such a scheme should limit emissions growth, while introducing a price incentive for those who stand ready to invest in lower-carbon jet fuels, infrastructure and technologies.

A global emissions trading scheme will also create flexibility to offset aviation's unavoidable emissions with lower-cost carbon savings from other economic sectors – at least until we succeed in curing aviation from its addiction to kerosene jet fuel.

Chairperson, clearly, on its own or in isolation, the tourism sector can achieve only modest gains. We depend heavily on, for example, the decarbonisation of the country's broader energy strategy, introducing more renewables; public transport planning; aviation planning; building codes, and other regulations enforced by sister departments.

Very significantly...

Very significantly, governments also control public infrastructure development, which could act as catalysts for change, such as investment in public transport, airports, biodiversity conservation, renewable energy and water management.

As part of our contribution, we, as the Tourism Ministry, recently introduced the National Minimum Standard for Responsible Tourism, which was ground-breaking if we look at what is happening in the rest of the world.

But the challenge is about more than regulation. Those who think we can regulate and legislate ourselves out of trouble, are missing the point. The greatest business incentive is to stay in business. Business needs to look beyond mere compliance, otherwise we will fail.

And the pressure is mounting: Broadly speaking, pressure for change is coming from six directions:

Multilateral negotiations on climate change,...

- i. Multilateral negotiations on climate change, which will mean that no industry or country would likely be able to escape its responsibilities after 2020
- ii. National/regional governments that introduce measures to implement the outcomes of multilateral negotiations, or take unilateral action
- iii. Consumers who act largely out of moral conviction, and are increasingly willing to pay a premium for more environmentally responsible or low-carbon tourism products
- iv. Shareholders who increasingly see 'low-carbon' operations as critical to create value for themselves
- v. Stakeholders in civil society, including the media, who are increasingly better informed and more vigilant
- vi. Internally, industry itself, lured by the lower operating costs associated with many low-carbon technologies

So, what are the public policy tools...

So, what are the public policy tools available to government?

This is certainly not a history lesson, but it is nevertheless important to understand where we come from as global public policy makers.

Governments have an increasingly wider range of policy tools at their disposal to address market failures in pursuit of environmental goals. None of the major environmental crises today can be addressed by using a single tool – at least, not if we want to do so in an environmentally effective and cost-efficient manner.

It is useless to get stuck in outdated ideological debates about markets versus regulation. To achieve our goals, we need a combination of policy tools.

A couple of decades ago, there was a misplaced belief in top-down, command-and-control-type regulation – government using the stick. It was regarded as the magic cure for all environmental problems. But soon, policy makers realised that it involved 'hidden' economic costs.

Then, in the 1970s...

Then, in the 1970s, the pendulum worldwide swung away from regulation towards market-based instruments. Especially since the late 1980s, market or incentive-based tools have multiplied and are often used in combination with information-based approaches.

Essentially, today, there are three categories of policy tools available to governments: (i) information-based approaches, which try to raise awareness; (ii) incentive-based approaches, which facilitate (and not enforce) change by using the market or other economic instruments, and (iii) directive-based approaches, which are blunt policy instruments that call for specific behaviour.

Rather than regarding industry as the 'villain' that requires to be regulated from the top, our focus today is finding the *best mix* of policy tools.

Let us take this back to energy-efficiency and renewable-energy roll-out, which is a large part of the focus today.

For the roll-out of energy efficiency...

For the roll-out of energy efficiency, we require a combination of (i) information-based approaches (including creating realistic investor expectations about payback periods, the sharing of best practice, public leadership initiatives and voluntary industry accords), (ii) directive-based approaches (such as energy-efficiency quotas, demand-side management, appliance standards, labelling and certification programmes, and building codes), (iii) fiscal incentives (for example capital subsidies, green bonds, tax relief and grants) and (iv) carbon pricing (such as emissions trading or carbon taxes).

For the roll-out of slightly more expensive renewable-energy technologies with a longer return-on-investment cycle, we need to 'push' as well as 'pull'. We could pull by means of incentive-based approaches that would encourage the uptake of renewables, such as through subsidies, carbon pricing, energy-saving certificates and feed-in tariffs for surplus energy. We could push by means of directive-based approaches, such as specifications for renewable energy in building codes.

As far as public policy approaches...

As far as public policy approaches are concerned, there is no 'either/or' choice. We need a combination of carrots and sticks to address current market failures.

All of these could achieve various other benefits, including the creation of green jobs and opportunities for green entrepreneurs in the energy-efficiency and renewable-energy sub-sectors; public health benefits, and greater competitiveness due to the greening of consumer demand.

Let me conclude by referring to the role of local government. This green transition is all about 'glocalisation': in other words, turning *global* principles into essentially *local* action plans. Travel and tourism happens in local communities and local economies. The role and capacity of local governments at the implementation level, therefore, cannot be overemphasised.

Thank you.

Ends.

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