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Media release

Use GST to fund local government tourism activities - TIA

Tourism Industry Aotearoa is recommending the Government provides local government with a 20% share of the GST paid by international visitors to help fund regional tourism activities and infrastructure.

International visitors currently pay \$1.7 billion annually in GST, says TIA Chief Executive Chris Roberts.

“There are regions under pressure from tourism growth and the current funding systems are inadequate to manage that growth. Other regions want to attract more visitors but have limited financial ability to do so.

“While it might be argued Central Government already returns a portion of its tax take to the regions via current tourism-related funds such as the Tourism Infrastructure Fund and Provincial Growth Fund, both are short-term solutions where a sustainable, long-term solution is required.”

In a letter to the Productivity Commission, which is currently considering local government funding and financing, TIA says a national solution is needed that will give councils around the country the funds they need to support visitor growth.

“The **TIA Board** has concluded that providing local government with a share of the GST paid by international visitors is the most effective, efficient and fairest approach,” Mr Roberts says.

“It uses an existing collection system and avoids putting another tax on New Zealanders.

“Distributing these funds back to regions based on visitor bed nights and aligning the spend to Regional Destination Plans are suggested features of any funding model.”

The TIA Board reached its conclusion after detailed investigation and consultation. This included bringing together a group of industry leaders and Regional Tourism Organisation representatives to explore a wide range of options on how tourism can help address local government funding needs.

“All of the other options examined have flaws. Ultimately, the TIA Board agreed that committing a small portion of the GST take from international visitors to be redistributed to local government to address local issues, will achieve the best outcomes for New Zealand.”

Read TIA’s letter to the Productivity Commission [here](#).

ENDS

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KEY FACTS

- Tourism in New Zealand is a \$107 million per day 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.
- Tourism is New Zealand's biggest export earner, contributing \$16.2 billion or 20.6% of New Zealand's foreign exchange earnings (year ended March 2018).
- 13.5% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 365,316 people are working in the visitor economy.
- The [Tourism 2025](#) growth framework has a goal of growing total tourism revenue to \$41 billion a year by 2025.

Visit www.tia.org.nz for more information

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