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Media Release

Tourism businesses support a border tax - with conditions

A majority of tourism businesses are prepared to support a new border tax on international visitors, as long as it is spent where there is the greatest need, says Tourism Industry Aotearoa.

More than 450 tourism businesses have responded to a TIA survey on tourism funding and investment priorities, following the announcement of the Government's proposed International Visitor Conservation and Tourism Levy (IVL).

The IVL would see most international visitors, with Australia and Pacific excluded, required to pay a levy of between $25 and $35 each before they come to New Zealand, raising an estimated $57 million - $80 million in the first year.

TIA Chief Executive Chris Roberts says the industry accepts there are investment needs, particularly in infrastructure that visitors use. The survey asked how those investment priorities should be funded.

"The top preference of the survey respondents, with almost 80% support, is for the Government to reinvest some of the $1.5 billion p.a. in GST collected from international visitors. Three-quarters of respondents also support use of user fees and charges, for things like Department of Conservation facilities.

"However, the third most preferred option is a border tax on international visitors, with 60% favouring this approach."

Using the Provincial Growth Fund for tourism-related projects was also well-supported (58%). However, bed taxes were not favoured, at less than 20% support.

Mr Roberts says with regard to the specific border tax design the Government has come up with, there is cautious industry backing. 33% support the Government proposal, a further 45% are willing to support it with certain conditions, while only 18% are opposed and 4% don't know.

The survey also asked what were the investment priorities to manage recent and forecast visitor growth.

The three top priorities were environmental management and protection, public facilities, and facilities on conservation land.

Overall, survey respondents want 57% of the border tax revenue to go to tourism and 43% to conservation.

Mr Roberts says informed by the survey findings, TIA's focus in responding to the Government's proposal will be on ensuring the funds raised are spent wisely.

"Our key priority is ensuring the IVL revenue is directed to where it can do the most good, relieving pressure on infrastructure and ensuring we continue to deliver outstanding visitor experiences.

"We must also clearly explain to our international visitors why they are being asked to pay, and how their pre-visit contribution will be used."

While survey respondents had no clear view on whether the IVL should be set at the lower or upper end of the proposed range of $25-$35, there were concerns that Australian citizens, our largest visitor market, won't be required to pay the tax.

Mr Roberts says talk of any further tourism taxes, levies or rates at a local or central government level should now pause.

"There will now be three Government funding systems for new tourism infrastructure – the Tourism Infrastructure Fund, the Provincial Growth Fund, and the International Visitor Levy. DOC received more money in the Budget and has increased its fees to improve cost recovery. The new Government Policy Statement on Land Transport recognises the importance of transport connections for domestic and international visitors. Taken together, this package of initiatives should address many of the priority funding issues.

"There does remain the valid question of how the costs and benefits of visitor growth directly impact on local government. However, the Productivity Commission is about to initiate a review of the local government funding structure. The Government has said visitor infrastructure issues will be within the scope of this inquiry."

In response to a request by TIA, the Government has extended the submission deadline for the International Visitor Levy, the associated Electronic Travel Authority and changes to Immigration fees and levies, to 22 July.

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KEY FACTS
• Tourism in New Zealand is a $99 million per day industry. Tourism delivers around $40 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another $59 million in economic activity every day. • Tourism is New Zealand's biggest export earner, contributing $14.5 billion or 20.7% of New Zealand's foreign exchange earnings (year ended March 2017). • 14.5% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 399,150 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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