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Media Release

Border levy must benefit visitors, tourism industry says

The tourism industry is prepared to accept a new charge to be paid by international visitors but is insisting that it is used in a carefully targeted way to enhance their experience of New Zealand.

Tourism Industry Aotearoa has today lodged its submission on the proposed International Visitor Conservation and Tourism Levy (IVL).

It says that while tourism operators have indicated broad support for the introduction of the IVL, this is conditional on several factors. These include clarity on the decision-making process, allocating the funds to priorities that will enhance the visitor and community experience, and that the funding is additional and not a replacement for existing Government expenditure.

The industry is also wary of further costs being imposed and says no further taxes, such as bed taxes or regional levies, should be contemplated.

The IVL would see most international visitors, excluding Australia and Pacific residents, 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.

The main collection method will be a new Electronic Travel Authority, which visitors from visa-waiver countries like the UK and USA will have to complete before travel. They will have to pay an estimated $9 for the ETA, on top of the visitor levy. The levy will be added to the cost of visas for visa-required countries like China and India.

Tourism has experienced remarkable growth in the last five years, creating jobs and new business opportunities, and significantly increasing the Government's tax take, TIA Chief Executive Chris Roberts says.

"But the pace of growth has also exposed decades of under-investment in infrastructure by central and local government. The IVL will provide another source of revenue for the Government and it's critical that it is used to make a demonstrable difference to our visitors," Mr Roberts says.

A planned, coordinated approach to tourism investment is vital, to ensure tourism continues to deliver economic benefits across New Zealand.

There is currently scant detail on the IVL design and allocation process. TIA says a deliberate approach is needed, including an understanding of what is already

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provided for through other funding mechanisms, what is not working and what is falling through the gaps.

TIA suggests the IVL should be invested in five areas: the public conservation estate; communities with high visitor to resident ratios; local and mixed-use infrastructure; tourism research and development; and building tourism business capability.

Tourism industry representatives must be involved in the decision-making process, Mr Roberts says. This will alleviate industry concerns that the IVL is simply a cash grab by central government.

TIA supports the IVL being set at $35 per person, the upper limit suggested by Government. But this would be on condition that the rate was not changed for five years, to offer certainty to international visitors and the tourism industry.

"A comprehensive global PR campaign will be crucial, to educate our visitors about why they are being charged to come to New Zealand and where their money will be spent. We also want to make sure that intending visitors are not turned away at the airport because they did not know they had to pay the Electronic Travel Authority and IVL," Mr Roberts says.

"There are serious risks to New Zealand's reputation if the introduction of the ETA is rushed or poorly implemented."

To read TIA's full submission on the IVL, go to:
https://tia.org.nz/assets/Uploads/TIA-Submission-International-Visitor-Conservation-and-Tourism-Levy.pdf

To read TIA's full submission on the ETA, go to:
https://tia.org.nz/assets/Uploads/TIA-Submission-Electronic-Travel-Authority.pdf

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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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