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Media Release

New visitor tax must be spent wisely

The tourism industry wants to work with the Government to ensure its new tax on most of New Zealand's international visitors is used to enhance their experience of our country.

Tourism Industry Aotearoa says it is prepared to accept the new $35 International Visitor Conservation and Tourism Levy (IVL), but the key issue is how it will be spent.

The IVL will see around 2.3 million of our 3.8 million annual international visitors required to pay a levy of $35 each before they come to New Zealand, raising an estimated $80 million in the first year. Australian and Pacific residents will not be required to pay the levy, which is due to be introduced in the second half of 2019.

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.

"The industry's support for the introduction of the IVL is conditional on several factors. These include clarity on the decision-making process and allocating the funds to priorities that will enhance the visitor and community experience," TIA Chief Executive Chris Roberts says.

"We welcome the Government's commitment that the new funding is to be ringfenced and that it is additional funding, not a replacement for existing Government expenditure."

TIA is also wary of further costs being imposed on international visitors and says no more taxes should be contemplated.

"TIA is pleased that the Government has accepted two of its recommendations: that the IVL is set at $35 per person - the upper limit proposed in the consultation process – and that the rate is not changed for five years, to offer certainty to international visitors and the tourism industry," Mr Roberts says.

"We're also happy to see that cruise and air crew are being exempted, as we asked."

Tourism has experienced remarkable growth in the last five years, creating jobs and new business opportunities, and significantly increasing the Government's tax take, Mr 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. We look forward to being involved in the discussions on how this $80m fund should be spent."

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

TIA has suggested 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.

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