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Media release

Tax relief will help but more support needed for tourism businesses

The new business support measures announced by the Government today will come as a relief to thousands of struggling tourism businesses, Tourism Industry Aotearoa says.

“The majority of tourism operations in New Zealand are small, owner-operated businesses that have been devastated by the border closures and lockdown. They desperately need every scrap of relief the Government can offer,” TIA Chief Executive Chris Roberts says.

TIA has been working hard to highlight the impact of COVID-19 on the tourism industry with the Government since late January. The association had raised the need for tax relief and other measures.

“We specifically raised the idea of allowing a forecast loss in the current financial year to be offset against the tax paid on a profit from last year. So the Tax Loss Carry-back Scheme is particularly welcomed. Thousands of tourism businesses will be able to utilise this scheme,” Mr Roberts says.

However, he warns that larger tourism businesses will need tailored assistance to survive the current crisis.

TIA has also highlighted the burden of rental and lease payments on businesses that can't operate.

Today's announcement includes plans to introduce legislation to extend the timeframes for dealing with commercial lease disputes caused by COVID-19. Tailored support services will be provided free of charge through existing services like the Regional Business Partner Network.

“These are useful steps but do not deal with the underlying problem, that businesses without customers cannot meet ongoing rent payments and face going out of business without further government support,” Mr Roberts says.

TIA is calling on the Government to consider additional measures to support tourism businesses and help save tens of thousands of jobs.

“The wage subsidy scheme must be extended beyond its current 12-week period or replaced by something else that keeps people in jobs. There is almost zero chance that most tourism businesses will be attracting customers by the time the scheme ends in June. If the scheme is not extended, we will see thousands of tourism workers being made redundant at that time.”

TIA says the Government should also consider the suspension of ACC employer levies for the remainder of 2020, as this fund has sufficient reserves to cover past claims.

TOURISM INDUSTRY AOTEAROA

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KEY FACTS

- Tourism in New Zealand is a \$112 million per day industry. Tourism delivers around \$47 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$65 million in economic activity every day.
- Tourism is New Zealand's biggest export earner, contributing \$17.2 billion or 20.4% of New Zealand's foreign exchange earnings (year ended March 2019).
- 14.4% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 393,279 people are working in the visitor economy.
- The **Tourism 2025 & Beyond** sustainable growth framework/Kaupapa Whakapakari Tāpoi has a vision of growing a sustainable tourism industry that benefits New Zealanders.

Visit www.tia.org.nz for more information

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