

28 March 2025



Annual Plan  
Auckland Council  
Private Bag 92300  
AUCKLAND 1142

By email: [akhaveyoursay@auckland.council.govt.nz](mailto:akhaveyoursay@auckland.council.govt.nz)

Kia ora

### **Auckland Council Annual Plan 2025/2026**

Tourism Industry Aotearoa welcomes the opportunity to submit on Auckland Council's Annual Plan 2025/2026.

Our interest lies with:

#### **Question 2: Destination management and major events**

Do you support a bed night visitor levy paid by those in short-stay commercial accommodation, to fund destination management and major events activities?

Last year, TIA submitted on Auckland Council's Long-term Plan setting out the societal benefits of tourism and the merits of local government investment in tourism functions to generate benefits through increased economic activity, employment and increased vibrancy across communities. We cited international evidence to substantiate this view. A year on, as we submit on Auckland Council's Annual Plan, this position remains true.

#### **Key Feedback**

TIA understands there are funding constraints to address with respect to local government tourism functions, and these are both longstanding and becoming more acute as the calls on Council budgets increase over time.

For local government, the ability to fund tourism functions is constrained because regions do not have mechanisms to generate income from visitors. There is limited ability to advance their Destination Management Plans or invest in tourism-related infrastructure and amenities, and other tourism functions. Without a national funding solution, individual councils looking to fund their tourism-related requirements may advance their own funding mechanisms that will result in fragmented, inefficient solutions which could cost businesses directly.

Our approach to addressing this issue is to pursue a sustainable industry funding mechanism to address local government and industry funding constraints, specifically exploring a national tourism levy on accommodation usage across the country.

Government support is needed to make it happen through specific legislation. Our focus has been on gaining broad industry mandate in order to ask Government to take the next step and instigate the policy work to develop the desired funding mechanism. This process will do the detailed work around how the levy will be established, operated and distributed.

TIA continues to advocate for appropriate investment in the various tourism functions that support and enable the wider tourism system: Government invests through Tourism New Zealand to market Aotearoa New Zealand as a visitor destination; the industry

develops and invests in the products and services that visitors use and enjoy. Local government has several tourism functions including tourism-related infrastructure, attraction development, destination management, events, amenities, and systems to support and enable tourism to develop and flourish. All parts need to be working for the system to work effectively.

### **TIA response to the Auckland Council funding question**

Key points to make are:

1. **Funding need.** TIA agrees that there are funding constraints for local government and industry around New Zealand, and that this is a serious impediment to the overall ability of the industry to operate to high levels and to generate a wide range of community benefits. TIA recognises that the largest part of this funding need is at the local government level.

TIA also appreciates the fiscal position of Auckland Council as it sets its 2025/26 Budget. TIA submits that the functions delivered by Tātaki Auckland Unlimited need to be funded at a critical-mass level to enable it to effectively deliver its key roles. With the signalled \$7 million budget shortfall, we are concerned at the prospect of the major event function operating well below optimal levels.

2. **Sustainable industry funding mechanism.** TIA and industry's preferred approach is for a national tourism levy to generate funds for tourism-related functions of local government and industry. Achieving this would negate the need for a range of ad hoc solutions around the country and we would expect it to be a more efficient and user-friendly way of operating the levy system.

With the next step for both Auckland Council and industry being to gain Government's commitment to undertake the policy work necessary for such a levy, it is important we are compelling in taking the case to Government. Also, in the policy process there will be an important opportunity to address any points of differences across the wider range of stakeholders.

3. **Aligning effort.** Local government and industry are consistently calling for a levy of some form to alleviate the current funding situation. While there may be differences in approach, the commonality in interests is clear so it makes sense to align to express a united voice. With TIA well positioned within industry, we would very much like to work with Auckland Council, and other local government interests, for a national funding mechanism that will serve tourism for decades to come.
4. **Interim measures.** We are very mindful that legislative processes take considerable time and in the meantime there are pressing funding needs in Auckland, particularly for destination marketing and major events. In this context, TIA submits that an interim budget to cover these functions needs to be put in place, and this should be reflected in the Annual Plan.

Given our shared objective, TIA and the wider industry seeks to work with all interested parties, including Auckland Council, on the key next step to gain Government support to undertake the policy work to investigate a national tourism levy, and the best way to achieve it.

### **Tourism industry Aotearoa**

TIA is the peak body for the tourism industry in Aotearoa New Zealand. With around 1,200 member businesses, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure activities, attractions, retail, airports and airlines, transport, as well as related-tourism services.

Tourism is a major part of our society and economy. It is 17.2% of our exports, 7.5% of GDP and 10.7% of employment. Tourism is important for Aotearoa New Zealand, as it is for regions across the country.

TIA is focused on ensuring the balanced growth of the industry to drive these benefits, and this is articulated in our key guiding documents and programmes. This includes the tourism industry's strategic framework, *Tourism 2050 – A Blueprint for Impact, He Pae Tukutuku*.<sup>1</sup>

This has the Vision of '*Enriching Aotearoa New Zealand through a flourishing tourism ecosystem*'. This Vision is centred on the positive role of tourism for the broad betterment of New Zealand and its people across a balanced framework – Economic, Community, Visitor and Environment.

Tourism 2050 has just ten Actions that are the most important strategic workstreams to advance to enable the industry to achieve its Vision. Action 2 is '*Address Industry Funding*'. Relating to this Action, Tourism 2050 states '*We are seeking funding mechanisms that establish sustainable and equitable funding streams for the tourism industry*'.

This Tourism 2050 Action creates a strong agenda for pursuing a generational change in how key tourism functions are funded to enable the industry to develop and thrive over the long term. TIA has been working to build broad support for this agenda.

We have established the Tourism Industry Funding Group, comprising key tourism industry associations, to develop a pan-industry consensus on the overall industry funding requirements and the best approach for addressing the funding gap.<sup>2</sup>

The Group has prepared a document setting out the funding problem and the option for addressing this through a new national tourism levy. This paper also sets out key principles for how this national tourism levy will work. An earlier version of this paper was distributed to key stakeholders and Ministers last year when we submitted on the international Visitor and Conservation Levy. The recommendation in this paper is for Government to:

**Instigate** policy work with the tourism industry to develop a sustainable funding solution for tourism and local government tourism investment requirements, including how it will be established, operated and distributed.

The conceptual thinking around the industry's proposed national tourism levy aligns well to the outline of Option 2: Bed Night Visitor Levy as set out on page 172 of the Annual Plan Supporting Information Document. Common features include the nature of the universal levy on all accommodation nights, that IRD would be the best suited agency to operate the levy, and around the wide use of such levies internationally and that they are well understood by visitors themselves. We also note that a national scheme would remove a substantial level of responsibility from Auckland Council, leaving it with the funding allocation functions.

## Summary

TIA and other parties in the tourism industry are continuing to evolve the thinking around a national tourism levy and are working to build commercial and political support for getting the process underway to put it in place.

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<sup>1</sup> <https://www.tia.org.nz/tourism-2050/>

<sup>2</sup> Hotel Council Aotearoa, Tourism Export Council, Hospitality New Zealand, Regional Tourism New Zealand, Business Events Industry Aotearoa, Holiday Parks New Zealand, Rental Vehicle Association, New Zealand Cruise Association, Backpacker, Youth Adventure Tourism Association, NZ Events Association and Tourism Industry Aotearoa.

With the parameters of the funding need established, the question turns to how to achieve it. From an industry perspective, there has previously been a range of views making a single industry voice impossible. Now, however, given the pressing need for a solution, the industry call is: Yes, a solution to tourism funding is needed, and we agree that a national tourism levy is the best approach, so let's get on with it.

In this, we are largely on the same page as local government on the need, and very close on the overall approach for addressing this need through some form of tourism industry levy, with work needed to define the final shape of what will be an important part of the future tourism industry.

We would be most pleased to elaborate on any points raised in the submission. If so, please contact Bruce Bassett on 021 609 674 or [bruce.bassett@tia.org.nz](mailto:bruce.bassett@tia.org.nz).

Ngā mihi,

A handwritten signature in blue ink, appearing to read 'R. Ingram', followed by a period.

Rebecca Ingram  
Chief Executive