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## Media Release

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### **Government earning \$2.6 billion a year from international visitors**

A new Government-commissioned report shows that the Government enjoys a net benefit of more than \$2.6 billion a year from international tourism, confirming that international visitors are more than paying their way.

Tourism Industry Aotearoa says this enormous net gain is a positive recognition of the value of our international visitors.

“We have been pointing out for some time that the single biggest beneficiary of a successful tourism industry is the Government – and this report backs that up,” says TIA’s Chief Executive Chris Roberts.

The Ministry of Business, Innovation and Employment (MBIE) engaged Deloitte Access Economics to “conduct a financial analysis of the amount and sources of revenue generated by international tourism, and the expenditure associated with hosting international visitors in New Zealand, for central and local government.”

The resulting report, *‘The Financial Costs and Benefits of International Tourism’*, was recently provided to the Minister of Tourism and a dozen other Ministers. As one of the contributors to the report, TIA has also received it.

The approach taken was to not only capture the direct revenue and expenses associated with tourism arrivals, but also capture the incremental expenditure associated with international tourists’ use of New Zealand’s infrastructure, resources, and services.

The core finding is that Central Government collects \$3.27 billion a year in revenue attributable to international tourism, and incurs costs of \$638m, for a yearly net gain of more than \$2.6 billion.

The revenue includes direct taxes like GST (\$1.47b) and motor vehicle taxes (\$264m), along with estimates of corporate taxes (\$999m) and income taxes (\$353m) from business activity servicing international visitors. An additional \$59m is collected in visitor charges and \$125m from other sources.

Government expenditure attributable to international visitors is largely a share of land transport funding (\$328m), the cost of Tourism New Zealand (\$117m), and some of the budgets for the Department of Conservation (\$60m) and Immigration (\$60m). Funding requirements for other agencies include \$36m for Customs, \$28m for MBIE, and \$4m for ACC.

“As the report notes, tourism has a growing importance in the ongoing success and wellbeing of New Zealand businesses, households, and government,” Mr Roberts says.

“International visitors spend \$14.5 billion a year in New Zealand – our biggest export earner. The money circulates throughout the economy, and the Government ends up with a net gain of more than \$2.6 billion.

#### **TOURISM INDUSTRY AOTEAROA**

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“At a time when the Government is planning to introduce another tax – a new border levy on some of these international visitors – it is extremely helpful that we now have some data showing the size of the contribution these visitors are already making.”

Key Facts:

- International Visitors to New Zealand spend \$14.5 billion per year.
- The Government:
  - Incurs annual costs of \$638m per year in attracting and servicing international visitors.
  - Collects \$3.27 billion per year in revenue attributable to international visitors.
- The net gain for the Government from international visitors is \$2.632 billion per year.

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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](http://www.tia.org.nz) for more information

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