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## Media Release

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# Auckland hotels & motels can't add surcharge to cover targeted rate costs

Auckland commercial accommodation providers can't legally pass the costs of a targeted rate to their guests as a surcharge, a new legal opinion says.

On behalf of its Auckland hotel members, Tourism Industry Aotearoa asked Lane Neave Lawyers to advise on whether the hotels could add a surcharge to guests' bills to cover the costs of Auckland Council's proposed targeted rate. The Council's Budget document suggested the costs of the rate could be passed on, 'as occurs with bed night taxes in many other international cities'.

Hotels, motels and other commercial providers in Auckland city are set to be hit with the proposed rate, which would be the new source of funding for the city's current tourism and event marketing efforts. The sector would be paying 100% of the cost, even though it receives only 9% of the visitor spend in Auckland.

TIA Chief Executive Chris Roberts says the Mayor and Council had been insistent that the targeted rate could be added to room costs as a surcharge, despite the commercial accommodation sector being clear this couldn't happen.

"Now we have legal advice that leaves the situation in no doubt. Adding a surcharge to cover council rates potentially breaches both the Fair Trading Act and the Commerce Act. Lane Neave's opinion cites legal precedents to support its contentions," he says.

"It's clear that this is also quite a different situation from public holiday surcharges applied by some hospitality businesses."

TIA is sharing the legal opinion with Auckland Mayor Phil Goff and councillors ahead of their vote on the targeted rate proposal on Thursday (1 June).

"TIA and the tourism industry continues to call on the Council to reject the targeted rate. The proposal is based on bad information and a poor understanding of how the visitor economy works.

"We want to work with the Council to find a fair and sustainable way for the commercial accommodation sector to make an appropriate contribution to the city's visitor and event promotion activities," Mr Roberts says.

Read the Lane Neave legal opinion here:

[www.tia.org.nz/assets/Uploads/Legality-of-Surcharging-Proposed-Targeted-Rate-on-Accommodation-Providers.pdf](http://www.tia.org.nz/assets/Uploads/Legality-of-Surcharging-Proposed-Targeted-Rate-on-Accommodation-Providers.pdf)

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**KEY FACTS**

- Tourism in New Zealand is a \$95 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 \$55 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 2016).
- 13.2% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 332,322 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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