



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI

**LABOUR AND  
IMMIGRATION  
POLICY**

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# Consultation on International Visitor Conservation and Tourism Levy

**Submission document**

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## The consultation process

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### **The Ministry of Business Innovation and Employment (MBIE) is consulting on:**

You are invited to make a submission on the proposals raised in the discussion document. Submissions are due by **Sunday 22 July 2018**.

Please email your submission to [tourism@mbie.govt.nz](mailto:tourism@mbie.govt.nz) using the below template.

Your submission may respond to any or all of the proposals. In addition, you are welcome to provide other information that you think might be relevant to this consultation. If possible, any views in your submission should be supported by evidence or examples of how the proposals would affect you.

### **Use of information**

MBIE will use the information provided in submissions to inform our analysis and the advice to Ministers. MBIE may contact submitters directly if MBIE requires clarification of any matters in the submission.

### **Confidential Information**

If your submission contains any confidential information, please indicate this on the front of the submission. In addition, the confidential information should be clearly marked within the text, for example, by including the confidential information in square brackets or as a separate appendix. Please clearly indicate in your submission any confidential information that you do not want published on MBIE's website or included in any summary of submissions that MBIE may publish.

The material identified as confidential will not be published, however if MBIE receives a request under the Official Information Act 1982 for a copy of submissions, MBIE will need to make its own assessment of whether the information should be released, including whether it is in the public interest to release the information received. In this event, MBIE will endeavour to consult with submitters that have provided confidential information prior to making its decision on the request.

### **Personal Information**

The Privacy Act 1993 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE.

Please clearly indicate in your submission if you do not wish your name or contact details to be posted on MBIE's website or included in any summary of submissions that MBIE may publish.

## Submitter information

Please tell us if you are submitting as a:
<input type="checkbox"/> <b>Private Individual</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Visa waiver traveller</li><li><input type="checkbox"/> New Zealand visa holder</li><li><input type="checkbox"/> New Zealand citizen or permanent resident</li></ul>
<input type="checkbox"/> <b>Individual industry stakeholder</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Airline</li><li><input type="checkbox"/> Cruise</li><li><input type="checkbox"/> Travel/Tourism</li></ul>
<input type="checkbox"/> <b>Industry Association</b> <ul style="list-style-type: none"><li><input type="checkbox"/> Airline</li><li><input type="checkbox"/> Cruise</li><li><input type="checkbox"/> Travel/Tourism</li></ul>
<input checked="" type="checkbox"/> <b>Other</b> <p>Please describe: Canterbury Mayoral Forum, which comprises the Mayors/Chair of the 10 territorial authorities in Canterbury (from Kaikōura to Waitaki) and the regional council. The Mayoral Forum developed and oversees implementation of the Canterbury Regional Economic Development Strategy (CREDS). See further: <a href="http://www.canterburymayors.org.nz">www.canterburymayors.org.nz</a></p>
If you would like to provide your contact details please fill in the below. MBIE may contact you if we need further clarification on any of your answers.
<p><b>Name:</b> Mayors Lianne Dalziel (Chair) and Mayor Winston Gray (lead Mayor, Canterbury Visitor Strategy, CREDS)</p> <p><b>Organisation:</b> Canterbury Mayoral Forum</p> <p><b>Name:</b> Mayors Lianne Dalziel (Chair) and Winston Gray (lead Mayor, Canterbury Visitor Strategy, CREDS)</p> <p><b>Organisation:</b> Canterbury Mayoral Forum</p> <p><b>Email address:</b> secretariat@canterburymayors.org.nz</p> <p>Please indicate below if you do not wish your name/contact details to be posted on MBIE's website or as part of any summary of submissions which MBIE may publish.</p> <p><input type="checkbox"/> Do not publish my name/contact details.</p>

## Proposed Introduction of International Visitor Conservation and Tourism Levy

1.1 Are there other costs and benefits derived from international visitors to New Zealand?
<p>The discussion document's commentary on conservation focuses very heavily on the role of the Department of Conservation. Whereas in fact there are many more players in the conservation space that need to be recognised. Regional and District Councils have a significant role in protecting and restoring our natural environment. We do this by supporting ecological projects, undertaking restoration projects, and providing pest, land and water management services, advice and support. Other organisations working to protect conservation values include the</p>

Ministry for Primary Industries in preventing and managing harmful pests and diseases\*, Land Information New Zealand in managing large amounts of Crown-owned land, as well as local community groups and private landowners in protecting and maintaining local biodiversity and landscapes.

\*noting that MPI's border services are fully cost-recovered through the Border Clearance Levy, however many of its post-border biosecurity activities are not cost-recovered.

### **1.2 What are your views on current funding arrangements for tourism infrastructure and conservation i.e. what are the constraints? How could users more effectively contribute to the costs they impose?**

A number of our councils are struggling to keep up with high visitor numbers due to their low population and rate-payer base. These smaller councils are shouldering the costs of tourism infrastructure with much of the benefit going towards visitors to the region.

The current level of funding available through the Tourism Infrastructure Fund is inadequate to address the costs that visitors are putting on local infrastructure. While we support a levy, this source of generation for funds will only make a difference if the total contribution to Local Government is increased dramatically. Current constraints include the total amount available, the rules around co-funding, the lack of support for maintenance and operation of facilities.

The contribution to the Government that tourists make through GST is sizeable, with only a small proportion supplied back to the regions. It is reasonable to expect that an amount equal to at least half that revenue would be returned to the communities who have carried the cost for the GST generation.

Greater use of 'user-pays' systems (such as entry fees, or levies/taxes on tourism-based activities) that return all revenue back to the communities in which they are generated would help alleviate these issues.

### **1.3 Are there other costs and benefits of the IVL as a funding tool in relation to the funding issues above?**

Further clarification is needed on how funding generated from the IVL will be distributed. Current models for distributing tourism infrastructure funding, such as the Tourism Infrastructure Fund, place an increased burden on already stretched Councils to make time-consuming applications that may or may not be successful in generating funds. A more efficient and streamlined approach is needed.

### **1.4 Do you agree with the criteria for a sustainable funding package?**

- Yes**  
 **No**

*Do you have any further comments?*

[Click here to enter text.](#)

### **1.5 Do you agree that an IVL is a useful component of such a package?**

Yes

No

*Do you have any further comments?*

We agree with the analysis that the IVL is a blunt tool for generating funding for tourism infrastructure and conservation, and **should be considered as only one tool in the toolbox** to generate funding. It does not take into account the time a visitor spends in New Zealand or the amount of use/impact that a visitor has in tourism infrastructure and conservation. Collection of taxes/levies at the point-of-use (such as a bed tax for example) would help alleviate this impact, as well as the impact from domestic tourists (who benefit from tourism infrastructure but do not pay rates locally to contribute). The IVL should be part of a suite of tools that generates funding from those who use tourism infrastructure the most.

### **1.6 What are other funding tools which ensure that people who use and enjoy infrastructure make a contribution to the costs?**

Other funding tools could include:

- A bed tax – that includes Airbnb – on both domestic and international visitors
- Increased direct cost recovery at tourism and conservation sites, such as access fees to walking tracks (recent increases by DoC of track fees for international users is an example of this)
- Disbursing greater amounts of GST generated within a region back to that region

### **1.7 Do you have any comments on the potential cumulative impacts of the fee and levies, Electronic Travel Authority and IVL proposals under consultation on visitors or your industry?**

The Canterbury Regional Economic Development Strategy has a key program for Visitors to the Canterbury region. Our strategy is to target high-value visitors who travel throughout the year, and who will have a high-quality experience so that they stay throughout the region for longer periods of time, rather than rather than high-thoroughfare, low-quality tourist experiences. If a new levy will ensure funds are available to communities to ensure visitors continue to enjoy a high-quality experience, then this outweighs the negative of it being \$25-\$35 more expensive to come.

Further analysis on how New Zealand compares to other countries in regards to levies and taxes collected at the border is required. While New Zealand is perceived as an expensive destination due to its distance from other destinations, previous work by central government (during consultation on the Border Clearance Levy) shows that New Zealand's border charges are relatively low in comparison to other countries. Research into the perceptions of costs of travelling to New Zealand amongst various types of visitors would also help in determining potential impacts on visitors.

### **2.1 Do you support the Government's proposed targeting mechanism?**

Yes

No

*Do you have any comments?*

While we agree with the analysis that a flat-rate fee would have a disproportionate impact on Australian and Pacific Island visitors, they still generate a cost on the services and amenities

provided through tourism infrastructure and conservation. Targeting of levies to support tourism infrastructure and conservation should be spread across the industry through a range of tools (such as a bed tax) rather than on a single point.

This further highlights the point raised in 1.5 that the IVL is a blunt tool and that a range of tools is required to more fairly generate funding from those receiving the greatest value from tourism infrastructure. A differential rate should be considered for Australian and Pacific island visitors.

**2.2 Are there other costs and benefits of exempting certain groups of travellers we should consider (e.g. Australians and Pacific Island visitors, crew travelling on aircraft and ships)?**

As above

**2.3 Are there other classes of visitor that should be exempted from the IVL?**

No

**3.1 Are there other things that should be considered when selecting the collection mechanism? How might these support or alter the preferred approach?**

Further information on other collection options already considered would be useful to support any comment on this

**3.2 Are there other costs and benefits for the proposed mechanism, or alternatives?**

Further information on other collection options already considered would be useful to support any comment on this

**3.3 If the Government does not proceed with an ETA, would you support collection of an IVL by another means, or in a different form?**

Further information on other collection options already considered would be useful to support any comment on this

**4.1 What are the impacts of different rates likely to be?**

As per 1.7, further analysis on how New Zealand compares to other countries in regards to levies and taxes collected at the border is required. However, we would expect there would be little difference in impact between the lower and higher rates.

**4.2 Do you have a preferred rate?**

- \$25
- \$30
- \$35
- No preference

*If you have a preferred rate, why?*

### **5.1 What should be the funding share between tourism infrastructure and conservation? Why?**

Both have a relatively equal importance in driving tourism. Infrastructure is important in providing core services that visitors use, while Conservation is a main attraction to bring visitors to New Zealand in the first place. It is important to invest in and maintain both aspects. A flexible distribution of funds could be considered, providing a greater proportion to either tourism infrastructure or conservation based on immediate needs. However, whatever mechanism is used to distribute funding between the two sectors needs to be transparent and accountable.

### **5.2 How would you define tourism infrastructure and conservation for the purposes of spending the IVL? For example, do you support using IVL revenue to:**

#### **a) Fund basic infrastructure used by visitors and/or residents?**

- Yes**  
 **No**

*Do you have any comments on the above?*

This must be a sustainable funding source, and cover ongoing operational expenditure to maintain and operate assets. Any IVL should support publicly funded visitor infrastructure and services, that are currently default funded by local rates and general taxation.

#### **b) Develop visitor attractions?**

- Yes**  
 **No**

*Do you have any comments on the above?*

Privately owned visitor attractions that can generate funding through direct cost recovery (such as entry fees) should have limited access to IVL revenue. Co-funding should be explored where appropriate

#### **c) Support conservation and bio biodiversity activity such as predator eradication, breeding programmes, native planting?**

- Yes**  
 **No**

*Do you have any comments on the above?*

[Click here to enter text.](#)

#### **d) Protect the values of our wild places/iconic destinations including national parks and world heritage areas?**

- Yes**  
 **No**

*Do you have any comments on the above?*

Direct cost recovery (such as entry fees) should be explored where possible

#### **e) What else could the IVL revenue be spent on?**

### **5.3 How should the tourism sector, local government, and/or other stakeholders inform the decision-making process?**

As the primary provider of core tourism infrastructure, local government is vital to the decision-making process. The Canterbury Visitor Strategy is one of the seven core workstreams as part of the Canterbury Regional Economic Development Strategy to maintain and grow our region. The Canterbury Mayoral Forum would welcome ongoing engagement with Central Government in the management of tourism infrastructure, including decision making processes as part of the IVL and any other fund-generating tools if adopted.