



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

**LABOUR AND  
IMMIGRATION  
POLICY**

---



# Consultation on International Visitor Conservation and Tourism Levy

**Submission document**

---

## The consultation process

---

### **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The material identified as confidential will not be published, however if MBIE receives a request under the Official Information Act 1982 for a copy of submissions, MBIE will need to make its own assessment of whether the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:

- Private Individual**
- Visa waiver traveller
  - New Zealand visa holder
  - New Zealand citizen or permanent resident
- Individual industry stakeholder**
- Airline
  - Cruise
  - Travel/Tourism
- Industry Association**
- Airline
  - Cruise
  - Travel/Tourism
- Other**
- Please describe: Timaru District Council (Local Authority)

### 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.

**Name:** Damon Odey  
**Organisation:** Timaru District Council  
**Email address:** jacky.clarke@timdc.govt.nz

**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.**

- Do not publish my name/contact details.

## Proposed Introduction of International Visitor Conservation and Tourism Levy

---

### 1.1 Are there other costs and benefits derived from international visitors to New Zealand?

For the year to February 2018, Monthly Regional Tourism Estimates (MRTE) indicate that Timaru District benefits from a \$220M visitor spend, with \$48M attributable to the international visitor contribution. Costs from tourism to the district derive mainly from the impact on key infrastructure, such as roading and sewer and impacts from freedom camping.

Council supports the Canterbury Mayoral submission argument that the discussion document is heavily focused on the role of the Department of Conservation, and does not recognise the important role of other players in the conservation space (e.g. Regional and District Councils, Ministry of Primary Industries, Land Information NZ, local

community groups, private landowners). These agencies play an essential role in protecting and restoring our natural environment (e.g. by supporting ecological projects, undertaking restoration projects, providing pest, land and water management services, advice and support, preventing and managing harmful pests and diseases\*, managing large amounts of Crown-owned land, and 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?**

Timaru District Council recognises the increasing impact of the tourism industry across NZ and locally, and the potential growth for tourism nationwide. The Council is appreciative of any funding to support tourism infrastructure and conservation activity.

The Council agrees with the LGNZ view that a greater strategic view needs to be taken of tourism funding to ensure appropriate funding tools are designed that provide real and long-lasting solutions. Any funding mechanism needs to be applied cost effectively to ensure funding benefits are applied equitably across NZ, but also maximised to areas most needed.

Council also supports the Canterbury Mayoral Forum submission argument that 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. Other potential sources of tourism funding to local government include:

- GST - allocating a greater portion of the contribution made by tourists via GST to the Government. 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 a 'user-pays' systems (such as entry fees, or levies/taxes on tourism-based activities) also represents a potential opportunity.

While funding targeted towards conservation activity and infrastructure development is important, Council also supports allocation to supporting tourism promotion and development, making locations 'destination ready' given the significant increase occurring in and forecast in tourism numbers for NZ. Examples include promotion, better information availability, operator ready packages, and digital or technological solutions to tourism issues.

Tourism needs to maintain a positive social licence to operate in local communities, that enables communities to recognise its ongoing benefits to the economy, but ensures a negative impression is not fostered from the pressures created by tourist activity. A strong visitor economy is reliant upon a quality visitor experience. Councils play a vital

role in that experience with investment in infrastructure (e.g. roads/footpaths, water supply, sewer, broadband/wifi, public facilities, attractions, parks), events, digital solutions along with their support for promotional tourism or visitor agencies.

### 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 the distribution approach for funding generated from the IVL. Current models for distributing tourism infrastructure funding, such as the Tourism Infrastructure Fund, are time-consuming and resource heavy and there is no guarantee of success. 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?*

The Council believes this is an appropriate tool to collect funding for a portion of the costs of the impacts of tourism. All of these costs should not be borne by local ratepayers. The funding level proposed is a start. Council does not consider that a charge of this nature will seriously impact tourism numbers.

However, Council would also argue that this is only one of the tools in the toolbox that could be used to generate funding.

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

Other potential funding tools are:

- Disbursing greater amounts of GST generated from tourism within a district/region back to that district/region
- Increased direct cost recovery at tourism and conservation sites
- A bed tax – that includes Airbnb – on both domestic and international visitors

**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?**

Council supports the view of the Canterbury Mayoral forum submission that the introduction of a levy will not have a significant impact on visitor numbers, assuming funds are available to communities to ensure visitors continue to enjoy a high-quality experience.

It also supports a call for further analysis on how New Zealand compares to other countries regarding levies and taxes collected at the border and research into the perceptions of costs of travelling to New Zealand amongst various types of visitors as promoted by the Canterbury Mayoral Forum submission.

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

Yes

No

*Do you have any comments?*

Council understands the reasoning behind the targeting mechanism and the potential for a disproportionate impact on Australian and Pacific Island visitors, but considers that these groups still generate a cost on the services and amenities provided through tourism infrastructure and conservation.

It proposes a differential rate should be considered for Australian and Pacific island visitors, and that a wider range of tools is required to more fairly generate funding.

**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?**

We support the most efficient mechanism possible to enable maximum return where needed.

**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?**

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

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

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

*If you have a preferred rate, why?*

Council believes this is a fair and reasonable contribution and an affordable rate that will not adversely affect national tourism numbers.

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

The Council supports an equitable Regional/TA funding solution that will address sustainable tourism promotion, infrastructure development and conservation.

Council support a 60:40 split 3 ways between tourism promotion/development, infrastructure development/maintenance and conservation activity. This would targeted towards making locations 'destination ready' through a range of investment opportunities. Formula options for allocating a share of funding should be equitable across NZ.

One proposal (see table below) is to allocate a proportion to each local authority based on existing tourism estimates (i.e. MRTE stats). For example, in Timaru District's case based on the figures quoted above a 2% funding percentage would net \$960,000 for the district, with 30% allocated to tourism marketing/promotion, 30% to tourism development infrastructure/maintenance and 40% to the local Department of Conservation.

Another possible option could be to use a mix of the funding approach described above but also ringfence a proportion of the total annual funding from the IVL as a contestable fund. Either approach should ensure an equitable proportion of funding is received by all local authorities.

<b>Funding Option – Proposal</b>	
International Contribution to Timaru	\$48,000,000
Proposed Funding percentage (to be agreed)	2%
Funding from MBIE in dollar value (based on the agreed percentage value)	\$960,000
Distribution to Tourism marketing & promotion (30%)	\$288,000
Distribution to Tourism development, Infrastructure and maintenance (30%)	\$288,000
Distribution to local Department of Conservation (40%)	\$384,000



**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?*

Funding should be targeted to areas of greatest infrastructure need (e.g. Local infrastructure development and maintenance of amenities such as toilets, car parks, motorhome parking, cycleways and walkways). It should be ongoing to cover operating costs and maintenance.

**b) Develop visitor attractions?**

**Yes**

**No**

*Do you have any comments on the above?*

e.g. Marketing & promotion of the districts tourism products to both domestic and international sectors. Privately owned visitor attractions should have limited access to IVL revenue, as they have the ability to generate funding from direct user recovery (e.g. entry fees).

**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?*

Conservation activity should be focused around enhancement of the conservation estate to support tourism activity (e.g. Conservation of tracks, parks, biodiversity, predator eradication, fencing, carparks, signage, maintenance of heritage sites and key international drawcards)

**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?*

[Click here to enter text.](#)

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

Council believes IVL revenue should also be applicable to tourism promotion and development. A balanced approach is favoured to support tourism development on all levels, and assist in preparing for future tourism pressures. Council supports making locations 'destination ready' given the significant increase occurring in and forecast in tourism numbers for NZ. Examples might include promotion, better information availability, operator ready packages, and digital or technological solutions to tourism issues.

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

Local government should be an integral part of 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 the Canterbury region. Ongoing liaison should occur with Canterbury Council's and the Canterbury Mayoral Forum.