



**Submission of  
Taituarā – Local Government Professionals Aotearoa  
regarding the  
Discussion Document  
*Proposed changes to the International Visitor Conservation and  
Tourism Levy***

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Taituarā-Local Government Professionals Aotearoa thanks the Ministry of Business, Innovation and Employment (MBIE) for the opportunity to comment on the proposed amendment to the proposed changes to the International Visitor Conservation and Tourism levy (the levy)

***Tourism is a major sector of the economy, but meeting tourism needs costs.***

Tourism has become one of the major sectors in the New Zealand economy. In the year to March 2024 there were almost 1.5 million international visitors to New Zealand who identified themselves as coming for a holiday. <sup>1</sup>

The Ministry's own brief to the Incoming Minister notes that *"International visitor volumes have recovered strongly following the reopening of New Zealand's borders, with new airline routes and increased competition on some routes. In the short-term, international visitor growth will likely continue to deliver benefits for New Zealand's economy."*

Visitor needs are one of the key drivers of amenity and standards in the tourist destinations, but also in communities along some of the key tourism corridors. Local communities and local authorities are becoming increasingly concerned about the cost of meeting these needs. In a community such as Queenstown there's 39 visitors to every ratepayer.

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<sup>1</sup> Statistics New Zealand (2024) International Travel: March 2024.

The New Zealand pure branding emphasises environmental amenity as one of our key points of distinction, especially to the younger and lower income end of the market. Yet some forms of tourism come with environmental impacts of their own – as any community that’s a destination for the freedom camper will tell you

Local authorities do not always benefit from tourism in their districts. To quote the Productivity Commission’s report *Local Government Funding and Financing*:  
*“Mackenzie, Buller and Matamata-Piako are examples of districts where the number of visitors passing through to visit popular tourist sites (eg, Church of the Good Shepherd in Tekapo, the Punakaiki rocks on the West Coast, and the Hobbiton movie set in Matamata) is likely to far exceed the number of visitors staying one or more nights. Yet day visitors also put pressure on local infrastructure, including roads, car parks and public toilets.”<sup>2</sup>*

### ***We agree that the levy should be increased.***

The levy should be increased and increased significantly. We do not consider \$100 at all excessive even though this is effectively a trebling of the levy. We think the issue is not the scale of the increase, but how it is phased in.

We do not find arguments that the levy will discourage tourism to be in any way persuasive. The levy itself is a minor element of the overall cost of travel to and from New Zealand even at \$100 per person. To take an example, on the day we prepared this submission the cost of a return economy flight from Auckland to Shanghai was \$1700-\$3150 (depending on airline), from Auckland to London \$2950-\$5800.<sup>3</sup> That is to say that \$100 is (at most) about 6-7 percent of a return airfare for a single person. And accommodation for a stay of say, a fortnight is likely to double the cost of the trip.

The discussion document notes evidence from the United Kingdom that the impact of a border charge (in that case) visas is relatively inelastic – one estimate at -0.09 (i.e. that case a 10 percent increase in visas would lead to a decline of 0.9 percent in travel) and in another an estimate not significant from zero (i.e. no impact).

Decision-makers also need to remember that two of our biggest sources of visitors comes from Australia and the Pacific Islands. Australian citizens are exempt from the levy, as are most of the Pacific Island nations.

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<sup>2</sup> Productivity Commission (2019), *Local Government Funding and Financing*, page 274.

<sup>3</sup> Prices surveyed from [www.airnewzealand.co.nz](http://www.airnewzealand.co.nz) for travel on 7 September 2024, returning 21 September 2024.

In short, claims that a change in the levy will have a significant negative impact on the tourist sector border on the melodramatic.

We also observe that the charge appears to be lower than other jurisdictions. The discussion document cites a cost of \$320 for a departure from Melbourne (Kiwis being exempt).

***Apportionment between different types of tourism infrastructure needs to be equitable and transparent.***

Apportionment between central government and others needs to be equitable and transparent. For example, it's not clear whether the paper proposes some order of priority – we would want to be heard further on any suggestion that the conservation estate should have first call.

The Productivity Commission concluded that:

*“Some central government funding for councils for tourism and mixed-use infrastructure is justified – particularly in tourist hotspots with a high proportion of day visitors. Such funding should be distributed in a more predictable, efficient and fair way by using a transparent allocation formula.”<sup>4</sup>*

While it is perhaps obiter dicta, the paper suggests that the levy might be a funding source (albeit for a small part) of the proposed city/regional deals. We observe that these deals are being/will be negotiated a few at a time, and that any funding for local tourism infrastructure ought not be limited only to those areas that have ‘landed’ a city/regional deal.

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<sup>4</sup> Productivity Commission (2019), page 277.