Targeted rates, levies and taxes – they aren't all equal

By TIA Chief Executive Chris Roberts

There's been a lot of talk this year about visitor taxes of various forms.

Most recently new Auckland Mayor Phil Goff announced plans for a 'visitor levy' which, on closer examination, turned out to be a targeted rate.

Then four senior industry chief executives from Air New Zealand, Auckland Airport, Christchurch Airport and Tourism Holdings released a proposal to fund local and mixed use infrastructure, partly funded by both a border tax and a visitor levy.

TIA came out strongly against the Goff proposal but has welcomed the CEOs' report and is encouraging industry feedback on it. So why the different approach?

The Mayor's proposal is simply a shift of the rates burden. $30m in rates would move from household ratepayers to the owners of hotels and motels, and would be used by ATEED to keep marketing Auckland as a destination.

That's a failure to understand the economic impact of tourism. Only 10% of the $7.4 billion annual tourism spend in Auckland goes on accommodation. ATEED's marketing efforts benefit the entire city. Marketing is not the pressing issue – infrastructure is.

Ongoing investment in tourism infrastructure is crucial to the long-term sustainability of our industry – and a coordinated national approach is needed. A national solution is far preferable to a range of local and regional ones.

The tourism industry has been proactive in identifying the challenges of growth and looking for sensible solutions. TIA is conducting a National Tourism Infrastructure Assessment, examining the full range of infrastructure challenges and where the priorities might lie. A progress report was provided at the Tourism Summit Aotearoa and the full report will be completed in early 2017.

The separate report issued by the four CEOs addresses the specific subset of mixed and local use infrastructure (e.g. car parking, sanitation, toilets, access roads) acknowledging that funding of this sort of infrastructure is fraught, especially in areas with low ratepayer bases.

In terms of funding options for mixed and local use infrastructure, tourism's growth has certainly delivered a significantly increased tax take for the Government. There are opportunities for greater user pays and better use of council balance sheets. But there is also a valid argument that the tourism industry and its customers should contribute to ensuring it can grow sustainably.

Tourism operators, central government, local government and their communities all benefit from the tourism industry and should all be motivated to ensure its sustainability.

As well as funding, the solution needs a robust governance and allocation process, as put forward in the report. The funds must be ring-fenced for tourism-related infrastructure and not siphoned off for other purposes.

There will be a range of views across our industry about how a visitor contribution might be made.

TIA welcomes the release of the CEOs' report, looks forward to hearing the views of industry members, and to engaging with the Government over summer as it considers the report and its response to it.

The infrastructure challenge has many dimensions and the best outcomes will come from the industry and government both contributing to identification and implementation of the solution.

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