



SEMAPHORE

Newsletter of the Maritime Law

Association of Australia and New Zealand



Key Stakeholders Slam IVL Rise

Tourism Industry Aotearoa (TIA) and the NZ Airports Association are among stakeholders to have strongly criticised the Government's decision to raise the International Visitor Conservation and Tourism Levy (IVL) from NZ\$35 to NZ\$100 as of 1 October.

TIA chief executive Rebecca Ingram says recent Ministry of Business, Innovation and Employment (MBIE) modelling indicates the increase in the levy – which is applicable to tourists arriving by all modes – could annually cause the loss of:

- 48,000 visitor arrivals
- NZ\$273 million of visitor spend

“New Zealand’s tourism recovery is falling behind the rest of the world and this will further dent our global competitiveness,” says Ms Ingram.

Ms Ingram says the Government has also not provided detail on an investment plan for the increase in funds from the levy.

“We need transparent, meaningful spend that makes New Zealand better and ensures our tourism offering is world-class. Visitor expectations will be significant, we invite the Government to work with industry on a plan for how the money is spent to improve the visitor experience and solve problems.”

NZ Airports chief executive Billie Moore says the Government is cementing New Zealand as “one of the most expensive countries in the world for a holiday”.

“Increasing the IVL, increasing visa fees and proposals for new charges on regional airports have landed as a triple-whammy for our sector, which is trying to work hard for New Zealand’s economic recovery,” says Ms Moore.

“But this is not just about us – this is simply bad policy.

“This will end up being a money-go-round with levies suppressing demand and the Government needing to spend more to stimulate it through tourism marketing.

“We are struggling to see how this makes sense from a Government that wants to be pro-business and pro-growth.”

Exemptions from the IVL

According to Immigration New Zealand, the following visitors do not pay the IVL:

- New Zealand or Australian passport holders
- passport holders from many Pacific Island nations
- transit passengers arriving at and leaving from Auckland International Airport
- New Zealand resident visa holders
- Australian resident visa holders
- holders of a Business Visitor Visa or APEC business travel card

There are some other visa holders who are not required to pay the IVL which will be confirmed at the time of processing with Immigration New Zealand.

Ironically, Ms Moore says when the IVL was first introduced, the National Party “recognised it for what it was” – being a tax on tourists who “already more than pay their own way through billions in GST that goes straight to the Crown”.

“Ministers and agencies must look beyond their agency bottom lines and realise that this is not the way a country makes money and grows its economy.

“We urge the Government to go back to its roots and get agencies working on policies that will grow tourism rather than stagnate it.”

The TIA notes that combined with the 60% increase in Government charges for those requiring visitor visas – about 550,000 of 3.2 million international visitors in the year to June 2024 – such tourists will pay about NZ\$500 per person to cross New Zealand’s border. This is over double the comparable cost to visit Canada (about NZ\$220 per person) and 66% more than to visit Australia (about NZ\$300 per person).

Government’s Position

When announcing the levy increase at the start of this month, Minister for Tourism and Hospitality Matt Doocey said it was necessary to ensure visitors contributed to public services and high-quality experiences while visiting New Zealand.

“The Government is serious about enabling the tourism sector to grow as part of our overall goal of doubling exports in ten years,” he said.

“International tourism plays a hugely important role in the New Zealand economy, with international visitors spending over NZ\$11 billion in the year ending March 2024.

“But international tourism also comes with costs to local communities, including additional pressure on regional infrastructure and higher upkeep and maintenance costs across our conservation estate.

“The IVL was introduced in 2019 as a mechanism to ensure international visitors were contributing directly to these costs, the vast majority of which are paid for by New Zealand taxpayers and ratepayers.”

Minister Doocey said public consultation by MBIE found 93% of submitters supported raising the IVL, with the main rationale being an increase would be reasonable to help cover the costs of tourism.

“The new IVL remains competitive with countries like Australia and the United Kingdom, and we are confident New Zealand will continue to be seen as an attractive visitor destination by many around the world.

“A NZ\$100 IVL would generally make up less than 3% of the total spending for an international visitor while in New Zealand, meaning it is unlikely to have a significant impact on visitor numbers.”

September 2024

