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Media release

Higher travel levy will slow tourism recovery

A proposal to increase a levy by more than 200% for all air travellers crossing the New Zealand border will be another brake on the tourism industry's recovery, Tourism Industry Aotearoa says.

The New Zealand Customs Service and the Ministry for Primary Industries are reviewing the border processing levy (BPL), which was introduced in 2016.

The levy is used to fund the customs and biosecurity services provided for all arriving and departing passengers, including New Zealanders.

Currently, the BPL is $20.11 (incl. GST) each for air passengers and $21.06 (incl. GST) for cruise passengers.

The consultation document released by Customs and MPI proposes six options, from no change, through to an option which would see the levy jump on 1 December this year to a massive $160.76 (incl. GST) per air passenger and $70.23 (incl. GST) for cruise passengers.

However, TIA Chief Executive Chris Roberts says an Official Information Act request has revealed that Cabinet has already agreed in principle to Option 2 – increasing the levy on 1 December to $63.00 (incl. GST) for every air passenger and $35.36 (incl. GST) for each cruise passenger.

That will mean air passengers face a more than 200% increase in the levy – from $20 to $63.

"This crucial fact that the Government has already identified an outcome is not revealed anywhere in the consultation material, leaving us to question whether this is genuine consultation," Mr Roberts says.

"We are strongly opposed to this option. It is too soon, too impactful on the traveller and will slow down the recovery for thousands of tourism businesses."

The massive disruption of global travel that led to the correct decision to suspend funding reviews in 2020 still applies now. TIA is calling for no change to the BPL before July 2023.

"Due to the unpredictable nature of international travel for the foreseeable future, we are concerned that the visitor projections provided in the consultation document are unreliable and will be subject to considerable change," Mr Roberts says.

"With traveller confidence at record lows, adding further disincentives to travel to New Zealand will likely result in a decrease in revenue for Customs and MPI, rather than covering border costs."

To read TIA's full submission on the BPL, go to
www.tia.org.nz/advocacy/submissions/read-our-recent-submissions/

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KEY FACTS
Prior to the COVID-19 pandemic: • Tourism in New Zealand was a $114.8 million per day industry. Tourism delivered more than $48 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributed another $66.7 million in economic activity every day. • Tourism was New Zealand's biggest export earner, contributing $17.5 billion or 20.1% of New Zealand's foreign exchange earnings (year ended March 2020). • 13.6% of the total number of people employed in New Zealand worked directly or indirectly in tourism. That means 384,186 people were working in the visitor economy. • The Tourism 2025 & Beyond sustainable growth framework/Kaupapa Whakapakari Tāpoi has a vision of growing a sustainable tourism industry that benefits New Zealanders.
Visit **www.tia.org.nz** for more information

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