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Media release

Government puts \$273 million of visitor spend at risk if International Visitor Levy lifts to \$100

Tourism Industry Aotearoa (TIA) has assessed the potential impact of a \$100 International Visitor Levy and it makes for uncomfortable reading.

Earlier this year the Government opened consultation on the International Visitor Levy (IVL) and whether it should be \$35, \$50, \$70 or \$100 for most visitors. A Government decision on the IVL is pending.

"By our calculations, a \$100 IVL could result in 48,000 fewer visitor arrivals and strip out \$273 million of international visitor spend from the economy. This would create a significant barrier at a time when the industry, our second largest export, is sitting around 80% of recovery," TIA Chief Executive Rebecca Ingram says.

The industry cares about the IVL and the role it can play in funding gaps. Following engagement with its members, TIA said \$50 was the fairest option if the IVL had to be raised, as this considered inflation and ensured appropriate funds for investment in key tourism infrastructure and conservation projects.

Recovering tourism industry striving to be competitive globally

The pending decision on the level of the IVL comes hot on the heels of a 62% increase to some immigration visa and levy charges along with cuts to Tourism New Zealand's budget. TIA members have expressed significant concern at the fast-increasing cost of entry at the border and the barriers this creates.

"Tourism is a global business and we are motivated to ensure New Zealand is competitive when high-quality visitors are making choices about where to go on holiday. We are particularly concerned about the cumulative effect of these fees, which we believe will have a material impact on visitor numbers, a vital workforce and the economic contributions they bring," Ingram says.

"We urge the Government to factor in the significant economic benefits that international visitors bring and our export earnings, rather than focusing solely on cost recovery at the expense of our tourism sector."

"Our assessment is that it could cost around \$500 per person in Government border charges for some visitors, before they have spent a dollar Aotearoa New Zealand - if the IVL lifts to \$100," Ingram says.

Data shows that international visitors are more than paying their way. In the year to March 2023, tourism directly and indirectly generated about \$22.1 billion for the economy (GDP) and international visitors contributed \$1b in GST. Tourism is the only export sector that pays GST.

"We care about the contribution tourism makes to New Zealand and we are not alone. 93% of New Zealanders believe international visitors are good for New Zealand."

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Industry keen to work with Government

There is also a wider conversation that must be had about tourism funding. While funds for tourism are welcome, the IVL is only one part of this solution.

"The IVL is a blunt instrument and using it as a panacea for all tourism funding requirements, and raising it to a very high level, is not the answer. Nor does it solve the problem of ensuring local councils and communities can invest in the tourism-related infrastructure they need," Ingram says.

The industry is motivated to work with the Government and local government on solving this long-standing issue and impediment to progress by looking for new funding sources.

"We strongly support more elegant solutions that collect additional revenue while visitors are travelling through the country and do not present a large upfront cost when considering New Zealand as a destination."

For more information, please contact TIA Strategic Communications Advisor Hamish Stuart – hamish.stuart@tia.org.nz or (021) 073-8455.

TIA SUMMARY OF FEE AND LEVY INCREASES¹

Per-passenger Border Charge		Australia & Pacific	International visa waiver visitor	Group Visitor Visa	Independent Visitor Visa
Current Government charges	Electronic Travel Authority	-	\$ 23.00		
	Customs, MPI, CAA charges total	\$ 60.67	\$ 60.67	\$ 60.67	\$ 60.67
	Immigration Visitor Visa and Levy			\$ 110.00	\$ 211.00
	International Visitor levy		\$ 35.00	\$ 35.00	\$ 35.00
	Current total	\$ 60.67	\$ 118.67	\$ 205.67	\$ 306.67
Increase in immigration fees and \$100 IVL	Increase in Immigration Visitor Visa and Levy from 1 October			\$ 61.00	\$ 130.00
	Potential IVL increase from \$35-\$100		\$ 65.00	\$ 65.00	\$ 65.00
	Total potential increases	\$ -	\$ 65.00	\$ 126.00	\$ 195.00
New potential total		\$ 60.67	\$ 183.67	\$ 331.67	\$ 501.67
Potential % increase		0%	55%	61%	64%

¹ The figures in this table come from publicly available sources and are TIA's assessment of Government charges from Customs, MPI, CAA and Immigration along with the International Visitor Levy.

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KEY FACTS

- The International Visitor Levy does not apply to all arrivals to New Zealand, with visitors from Australia and the Pacific Islands excluded. This means around 1.4m visitors do not pay the International Visitor Levy.
- Tourism Industry Aotearoa is New Zealand tourism's peak industry body. We are the only independent association that represents all sectors of New Zealand's large and diverse tourism industry.
- TIA has about 1300 member businesses from across the industry, ranging from small owner/operators to large publicly listed tourism corporates and international hotel chains.
- TIA is deeply involved in discussions on recovery and what the future of tourism in New Zealand will look like and led the development of New Zealand's Tourism Strategy [Tourism 2050 – A Blueprint for Impact](#)
- TIA leads implementation of the industry's [Tourism Sustainability Commitment](#) which aims to see every New Zealand tourism business contributing positively to our people and cultures, our environment and our economy and has launched the [akiaki.nz](#) to advance the knowledge and business capability of tourism businesses.
- TIA delivers a comprehensive and diverse range of industry events including TRENZ, New Zealand Tourism Awards, Discussing Tourism regional events and the Tourism Summit Aotearoa.

Visit www.tia.org.nz for more information

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