

Proposed changes to the International Visitor Conservation & Tourism Levy (IVL) submission

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Submitter details:

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Submission:

Introduction

1. Recreation Aotearoa is a registered charity and the organisation responsible for providing leadership, advocacy, and professional development opportunities for those involved in the broader recreation sector. We work at an agency, industry and professional level to build capability, develop partnerships, and equip individuals and organisations with the skills they need to deliver high quality recreation experiences that engage participants.
2. Recreation Aotearoa's membership includes recreation policy makers, territorial local authorities, voluntary organisations, regional sports trusts, consultants, outdoor recreation organisations, and others involved in the delivery of recreation throughout New Zealand.
3. Our mission is enhancing wellbeing through recreation.
4. We welcome the opportunity to provide input into the International Visitor Conservation & Tourism Levy (IVL) consultation.

General Comments

5. Recreation Aotearoa has had a long-standing interest and position on what has become the IVL, dating back to 2017 and the 'tourism-tsunami' as it was known.
6. At the time, it was forecasted that by 2025 there would be over 5 million international visitors to New Zealand, the majority of which will seek to recreate on Public Conservation Land. While the impact of Covid 19 curtailed international visitors at the time, it is our view that New Zealand needs to prepare for pre-pandemic pressures.
7. Recreation Aotearoa acknowledges that, in many ways, the tourism boom has enhanced recreation in New Zealand. However, there are associated costs and pressure points that need to be addressed. The Department of Conservation and Territorial Local Authorities have, almost by default, borne the burden. These entities have struggled to cope with the pressures placed upon their carparking, wastewater and recreational infrastructure. Underfunded infrastructure not only undermines the recreational experience of New Zealanders, it has the potential to harm New Zealand's Tourism brand.

8. This has forced them to make some very tough decisions between catering for international visitors and their role of providing for New Zealand recreationalists.
9. We have continued to observe that the Councils most impacted by international visitors are the least equipped to fund the necessary infrastructure. Many international visitors are drawn to and spend much of their time in the sparsely populated hinterland. With a small rate-paying base, these areas do not necessarily financially benefit or have the means to mitigate the impacts.
10. This is contrasted against Central Government, which by the way of income tax, business tax and GST, receives tax revenues from the Tourism industry.
11. For these reasons and others, Recreation Aotearoa supported the National Tourism Levy proposed in the McKinsey Tourism Infrastructure Study and commended its focus on infrastructure that is used by both locals and international visitors.
12. In order to progress the issue, Recreation Aotearoa asked each political party contesting the 2017 General Election: *“Considering all the various options available, including departure/entry tax, accommodation levy, charging for National Parks or utilising the General Fund, how does your Party propose to fund the provision of tourism and recreational infrastructure?”*
13. The answers we received from the Labour Party and Green Party, at the time, signalled the genesis of what became the International Visitor Levy.
14. Recognising that the majority of international visitors that come to New Zealand engage in recreational activities such as walking and cycling, Recreation Aotearoa believes that the proceeds of such a levy should be allocated to recreational infrastructure.
15. Expenditure on recreational infrastructure such as walking trails and cycleways, is not just a coping mechanism for the tourism boom. It also enhances the lives of New Zealanders by way of the numerous social, economic and health benefits of outdoor recreation.

16. Recreation Aotearoa supports free and open access to Public Conservation Land. Given their porous nature and the high administrative burden, Recreation Aotearoa urges caution around site-specific charging for entry into National Parks. If visitor charges are introduced for National Parks, they should only be done so in a very few specific sites where necessary to cover an abnormally high cost of infrastructure. New Zealand residents should be exempt from any charging.

Questions for consultation

17. Recreation Aotearoa submits that that current levels of IVL revenue (approximately \$80 million) are not sufficient to address issues facing tourism and conservation. The annual tourism funding deficit of ~\$250 million, demands a significant increase.
18. Recreation Aotearoa has some concerns with the notion that the IVL should be used to address some of the costs for tourism and conservation currently funded by the Crown.
19. It was our expectation and that of many others, that the IVL would fund additional infrastructure projects, in areas particularly and grievously impacted by international visitor pressure. It is not obvious that this has happened.
20. In the early years we observed that an independent panel was established to advise how the proceeds of the IVL should be spent. We are under the impression that it was disestablished during the COVID 19 pandemic.
21. From our vantage point, it appears that DOC have received their half of the IVL but folded it into their baseline funding to carry out business-as-usual functions. If DOC has utilised IVL funding to cope with tourism pressures, it is not obvious where and how. Our expectation was that 'extra' infrastructure projects would be clearly identified and attributed to IVL funding.
22. Relatedly, an examination of the IVL Annual Performance Reports does not reveal a great deal for funding for tangible infrastructure such as public toilets, car parking or track/trail development. Nor does it make it clear that Local Territorial Authorities have been able to leverage the IVL to mitigate pressure points.

23. The 2023 IVL Investment Plan does little to mitigate these concerns, being primarily focused on system-level transformation. In contrast to what was expected at the IVL inception, which was for horizontal and vertical construction projects that would provide utility to international visitors and domestic recreationalists, alike.
24. Recreation Aotearoa supports an increase to the IVL of \$65, from \$35 to \$100. While on the surface, this appears to be a large increase, we note that even at this level, (a) the IVL would not fully fund the annual tourism funding deficit; (b) the increase loses significance when it is placed alongside the numerous other charges international visitors face, including CAA fees, Customs levies and Airport Passenger charges; and (c) other countries impose similar levels of fees and levies.
25. Recreation Aotearoa supports IVL revenue funding mixed-use tourism infrastructure, such as car parks and public toilets via a contestable fund and wider Tourism assets such as ongoing funding for New Zealand Cycle Trails that could be expanded to include other assets such as tramping and walking tracks.
26. Indeed, this was our original expectation when the IVL was introduced. However, it is imperative that the funded projects are extra to business-as-usual and that IVL funding is not folded into or serves as a substitute to, baseline funding.
27. Recreation Aotearoa submits its opposition to IVL funding of international tourism marketing costs and the funding of Tourism New Zealand.
28. Recreation Aotearoa submits its support for IVL funding for key infrastructure or tangible projects in host communities in regional New Zealand. The areas are the most impacted by international visitor pressure and in many cases, domestic recreationalists are 'squeezed-out' or suffer a diminished recreation opportunity.