



tourism  
INDUSTRY

ASSOCIATION NEW ZEALAND

**Submission to the ACC on the proposed levies  
for 2006/2007**

November 2005

## **About Our Association and Industry**

The Tourism Industry Association New Zealand (TIA) represents the interests of the tourism industry in New Zealand. The businesses we represent generate more than 80% of New Zealand's tourism-related revenue.

Tourism is a \$17 billion industry (\$7.5b from international and \$9.5b from domestic tourism) and generates 18% of New Zealand's exports. The industry employs 1 in 10 New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises. Not only is tourism important because of its size, as well as being 10% of New Zealand's GDP, it is also:

- Highly employment intensive;
- Regionally dispersed;
- Sufficiently nimble to change its target markets quickly as conditions change.

These businesses cover a range of tourism-related activities – hospitality, transport, adventure and activities, retail and related tourism services. In many cases, regional tourism businesses have developed around regional assets divested by other industries and have revitalised those assets and the communities that depend on them.

The tourism industry in New Zealand consists of more than 8,000 small and medium sized businesses. Of these businesses, most employ less than five people.

New Zealand welcomes almost two million overseas visitors to its shores every year. The domestic tourism industry is also important in helping to sustain a vibrant tourism industry. TIA estimates that over 75 million visitor nights are spent by New Zealanders every year.

## **Tourism needs to remain competitive**

The tourism market is truly global. International tourists have an enormous range of destination options. New Zealand is located at the end of the international transport network and comparatively expensive and time consuming to reach. In order to compete, our tourism products and services must be first class and our delivery of a quality experience second to none.

Tourism is facing a number of competitive challenges at the moment. These include:

- The high relative value of the New Zealand dollar- previously a major attraction for foreign visitors
- International visitor numbers are levelling off and New Zealand's competitive position is more challenging than ever before. The domestic tourism market is flat and many New Zealanders are taking advantage of holiday packages in Australia and the Pacific.

- Intense marketing efforts by our competitors including Australia, and Asian destinations which have the potential to attract potential visitors away from New Zealand to those destinations. This is especially a problem as competitors such as Australia have marketing budgets that are much greater than New Zealand's.

TIA has these competitive pressures in mind when it comes to reviewing these proposed ACC levies.

## **ACC proposed levies for 2006/2007**

ACC has released a consultation document relating to the proposed premiums for the 2006/2007 year.

In brief the ACC is proposing that:

- The average employers levy (including residual claims) remains the same as last year (\$1.21 per \$100 of liable earnings)
- The self-employed work levy increases by 24 cents-up to \$2.06. This does not include the residual claims component on 35 cents.
- The Earners (employees through PAYE) increases by 9 cents-up to \$1.16
- The Motor Vehicle Account (through licensing fees and petrol levy) drops by \$16.93 to \$190.00.

TIA upholds ACC operating policies that maximise the benefits that ACC provides to the business community while providing the most efficient and effective service possible. We also advocate management approaches that minimise the compliance costs faced by businesses in participating in the ACC scheme.

## **Endorsement of the Business New Zealand submission**

Accordingly, TIA wishes to support and endorse the Business New Zealand submission on the proposed 2006/2007 levies which is attached to our submission. TIA is an affiliated industry to Business New Zealand and agrees with the recommendations proposed in the BNZ submission, and general contents of this submission.

We urge the ACC to give careful consideration of the recommendations in the BNZ submission and to implement them in an orderly manner.

*Tourism Industry Association New Zealand (TIA)  
November 2005*

