

10 May 2021



Hotel Council Aotearoa's oral submission to QLDC

HCA Strategic Director, James Doolan addresses QLDC – 10 May 2021

Full written submission: <https://hotelcouncilaotearoa.com/wp-content/uploads/2021/04/HCA-Submission-to-QLDC-10-year-Plan.pdf>

Mr Mayor, Councillors - with just 5 minutes to talk about this critical issue, you'll forgive me if I skip quickly past the formalities, but thank you for your willingness to receive feedback on the Ten-Year Plan.

Hotel Council Aotearoa is this country's peak representative body for the hotel sector, representing over 140 large hotels throughout New Zealand, including various Queenstown Lakes District properties.

Let me start by saying loud and clear: HCA has sympathy for QLDC's infrastructure funding problem. It is a key issue to solve.

HCA would work enthusiastically alongside Councillors on a fair, reasonable and nationally-endorsed model for tourism infrastructure funding that draws on international best-practice and robust research.

The Queenstown bed tax - even if cleverly rebranded as a "visitor levy" - is not a fair, reasonable and nationally-endorsed solution.

A bed tax is the wrong solution to the wrong problem at the wrong time.

The details of the bed tax were somewhat hidden in the consultation document, but we understand a five per cent tax on overnight accommodation is proposed. The bed tax would be collected by accommodation businesses under the terms of brand new, central government legislation.

Five per cent is too much. Visitors to the Queenstown *already* pay 15% tax on accommodation. If Councillors vote for this 10-year plan, you are supporting a secretive scheme that looks to raise total tax on accommodation here to 20%. In comparison, visitors to Aspen pay 11.3%, visitors to Whistler pay 16%, and visitors choosing to go to Australia rather than New Zealand pay 10%. Airfares and Accommodation are key costs that travellers analyse before leaving home. We must be competitive and we must deliver value for money.

The bed tax puts Queenstown Lakes District at a massive commercial disadvantage at the very time we are trying to attract people back. Let's stop beating up on tourists for political reasons. It's not about whether tourists currently pay enough, it's about how New Zealand divvies up and spends the money already paid by tourists to be here.

There are numerous other problems with the proposed bed tax, but with limited time available, let me highlight a couple of the bigger ones.

First, it is wrong for QLDC to rely on high-level analysis and a questionable referendum carried out before any of us had even heard the word “Coronavirus”. Ratepayers - including commercial ratepayers such as hotels - deserve detailed updated analysis that takes into account the changed world we now live in. QLDC has not shared updated models after COVID. Instead, the consultation document simply assumes a return to the good times in 2024, followed by 7 years of consistent and stable growth afterwards.

Councillors cannot in good faith support this sort of “look-sniff” analysis on something that is vitally important to the wellbeing of this District’s overall economy.

Second, the Ten-Year Plan assumes that central legislation will pass in time for the bed tax to be collected in 2024. That is *not* a reasonable assumption and ratepayers should be told the truth.

Minister of Tourism Stuart Nash has gone on record multiple times recently saying that the Labour party *will not* introduce bed tax in the current term of government. The Minister has also said that he has had *no discussions* with Mayor Jim Boulton about whether Government would support a bed tax bill. Opposition parties have also said they DO NOT support bed taxes. So where is the legislation coming from?

If the Ten-Year Plan includes a bed tax starting in three years’ time, and if the bed tax requires central government legislation to come into force, why has the Mayor not had *numerous* discussions with the Minister of Tourism about this? What are we not being told? Perhaps journalists can find out more from the Mayor and Minister of Tourism. I’m in the dark, and Councillors might be, too.

A confusing mismatch of different bed-taxes and tourism levies is not the right solution for New Zealand as a whole. Most international tourists in Aotearoa visit more than one destination. It would be a terrible idea for every different local body to implement its own separate tax on international travellers. New Zealand should not consciously choose to copy a sub-optimal and old-fashioned solution from overseas.

Ratepayers in Queenstown have only ever been presented with one solution - a quick and easy bed tax copied from America. The solutions proposed in boom times are not the solutions we need now, as the entire global tourism industry lies in tatters after a pandemic that will end up killing millions of people.

In Auckland, Mayor Goff also pushed through a kind of bed tax during pre-COVID boom times. His Accommodation Provider Targeted Rate ended up raising way less than originally forecast, and Auckland Council has subsequently been caught in multi-million-dollar litigation defending the legality of an overly-complicated and unfair money-raising scheme.

Councillors - Hotel Council Aotearoa submits that you *cannot* sign off on a Ten-Year Plan that includes new taxes not supported by central government or the leading opposition parties. Hoping that 25 million in annual bed tax revenue will magically appear goes against known facts - the Government has said it WILL NOT introduce bed tax legislation this term.

We ask that you support accommodation providers and *permanently* shelve the boom times bed tax experiment. We call on you to work collaboratively with central government *and* industry on fair, reasonable and nationally-endorsed solutions to the tourism infrastructure problem.

Mr Mayor and Councillors: these are important and complicated issues. Hotel Council Aotearoa would happily schedule more time - much more than 5 minutes - for full and frank discussions with you about how bed taxes work overseas and the implications for our sector. Please feel free to connect with us, either individually or collectively, if you want to learn more and we will do our absolute best to help you better understand our genuinely-held fears and concerns.

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About Hotel Council Aotearoa

Hotel Council Aotearoa (**HCA**) is an advocacy-focused organisation with a mission to educate and influence key decision-makers on matters of importance to the New Zealand hotel industry. HCA's target membership encompasses hotel owners, general managers, operators/brand companies, consultants, academics, advisors and other organisations and individuals having a close professional connection with the hotel industry. HCA currently represents over 140 New Zealand hotels, comprising over 15,600 guest rooms or 5.6 million available room-nights per annum.

To learn more about HCA or to become a member, please visit www.hotelcouncilaotearoa.com or email admin@hotelcouncilaotearoa.com.