


# Hotel Council Aotearoa



<b>Introducing HCA</b>	<p>Hotel Council Aotearoa (HCA) represents 240 of New Zealand’s largest hotels, together accounting for approximately 27,000 rooms. The entire hotel sector comprises 350 hotels with 33,500 guest rooms, having an estimated \$13.5 billion replacement value.</p> <p>Hotels are critical tourism-enabling infrastructure in New Zealand, alongside airlines, airports and ground transport infrastructure (roads, rail and ferries). Tourism spending takes place in local communities and small businesses only after this infrastructure-enabled guest journey is complete.</p> 
<b>People involved</b>	<p><b>Board</b></p> <p>Lani Hagaman (Chair/Scenic Hotel Group)  Ronnie Ronalde (CPG Hotels)  Marcus Reinders (NZ Hotel Holdings)  Simon White (EVT)  Daniel Oh (Accor)</p> <p><b>Executive</b></p> <p>James Doolan, Strategic Director (ex-Marriott International in Asia, ex-Bell Gully)</p>
<b>Major issues/concerns</b>	<p><b>Demand drivers</b></p> <p>HCA has repeatedly and consistently called for greater central and local government investment in driving demand after COVID:</p> <ul style="list-style-type: none"> <li>• <b>Tourism New Zealand</b> (for which funding has significantly lagged inflation and NZD weakness over a 10-year period)</li> <li>• <b>Major events</b> (for which funding is sporadic and inconsistent, rather than systemic)</li> <li>• <b>Regional event attraction and destination marketing</b> (but note local councils have their own budget challenges, and query whether the model “works” given proliferation of RTOs)</li> <li>• <b>MICE</b> (meetings, incentives, conventions &amp; exhibitions) on the back of new convention centres in Christchurch and Wellington, with Auckland opening soon</li> <li>• <b>Air capacity</b>, which may require promotion of competition and inducements to open up new routes.</li> </ul> <p>In addition, we have called for NZ to do more to “lay out the welcome mat”, such as through signals sent by visa/border costs and visa processing timeframes. If government is now considering measures such as visa-free travel for key source markets, HCA would wholeheartedly support those measures.</p> <p>The IVL is likely to be the main pot of public funds for short-term growth stimulus. We pragmatically support using the IVL to rebuild demand and address the most urgent tourism funding shortfalls. But as demand rebuilds, central government will receive immediate returns (increased GST, excise taxes, PAYE and profits</p>

	<p>taxes), allowing the IVL to revert to its original purpose. Central government must also dial up its long-term reinvestment back into tourism out of future GST receipts. Tourism currently funds hospitals, schools and NZ Super, but that is not fully understood and appreciated by ordinary New Zealanders due to inadequate reinvestment back into tourism-connected communities.</p> <p>HCA welcomes a renewed focus on demand recovery, but we caution that it is also critical to make progress on long-term structural and funding issues (see below) or else social license concerns will re-emerge.</p> <p><i>Note: The hotel sector is a major contributor to NZ's tourism marketing efforts. HCA estimates that in 2024 the hotel sector invested \$95-135 million in sales and marketing. On top of that, a further \$190-230 million was paid in commissions to third parties including traditional agents, online travel agents and conference organisers. In other words, <b>350 hotels together invested \$285-365 million in marketing and commissions in 2024 alone</b>. As rates/occupancy recovers, this sector-specific marketing spend will increase further. The hotel sector has deep expertise and experience in marketing and promotion.</i></p> <p><b><i>The Auckland problem / long term funding solutions</i></b></p> <p>Under Phil Goff's leadership, Auckland Council introduced the APTR, a targeted rate on property values designed to roughly approximate a bed tax of 3-4%. The APTR was possibly the "world's worst tourism tax" and could not be passed on to the guest via the bill. It instead created new fixed costs for all accommodation providers.</p> <p>While the APTR was suspended during COVID and has not (yet) been reintroduced, Auckland Council has dramatically reduced funding for event attraction and destination marketing (from c. \$30 million to \$7 million, threatening to take it to zero).</p> <p>This is a political decision. The necessary funding is miniscule as a share of Auckland Council's overall annual spending. This intransigence is having an impact on NZ-wide tourism recovery – Auckland is arrival port for 70% of international travellers and drive markets out of Auckland (e.g. Rotorua, Taupo and the Far North) are affected by the refusal to fund demand-drivers.</p> <p>Auckland is aggressively pursuing a <i>local</i> visitor levy (as a percentage of accommodation revenues). It has indicated that it will publicly consult on introduction of a visitor levy as part of its annual budget consultation process this year, even though Auckland Council has no ability to introduce such a levy without central government first passing legislation that enables them to do so.</p> <p>While still Leader of the Opposition, Christopher Luxon challenged HCA to build consensus around tourism industry strategy and direction. Responding to that challenge, HCA has helped form a <i>reasonable consensus</i> among hoteliers, moteliers (through Hospitality New Zealand) and short-term rental accommodation (Air BnB and Book-a-Bach) around a <i>national</i> funding mechanism attaching to accommodation. It would be imposed centrally (i.e through comprehensive legislation) and distributed regionally for tourism-connected purposes within clear guiderails. Any new tourism funding mechanism facilitated</p>
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	<p>through accommodation providers must be done once and done right. Local councils would need to relinquish their ability to also impose APTR-style targeted rates and other regional tourism taxes.</p> <p>Hotel room nights are marketed and distributed through a web of different third-party relationships, many of which are offshore or online only. Old-fashioned, 1960s-era USA-style bed taxes where hotels self-report receipts and remit them direct to local councils are simply not a modern or reasonable response to tourism funding challenges in New Zealand in 2025.</p> <p>HCA has done <i>considerable</i> work designing tourism funding mechanism that both works practically and is acceptable to visitors, voters and ratepayers. For example, any new mechanism should not be described as a “tax” or “levy”. Ideally, it would not be named in a way that permanently ties it to accommodation (since a well-designed scheme might potentially be expanded in future to cover other tourism-connected businesses such as rental vehicles, cruise and tours). While initially imposed on accommodation only, the mechanism could be called:</p> <ul style="list-style-type: none"> <li>• Tourism Development Contribution (TDC)</li> <li>• Tourism Communities Contribution (TCC)</li> <li>• Tourism Communities Dividend (TCD) or Community Tourism Dividend (CTD).</li> </ul> <p>A new mechanism “done once done right” would solve this naming challenge through a typical focus group exercise to identify the best option. The scheme would also be branded so as to facilitate storytelling to international visitors and New Zealanders, showcasing the beneficial activities and infrastructure funded by the mechanism. It becomes a positive and proactive response to social license concerns.</p> <p>Queenstown previously pursued a local accommodation levy including a questionable “consultation” with ratepayers and working behind-the-scenes to progress a local members bill on the topic. HCA vigorously opposed that approach to tourism funding in Queenstown and we will do so again elsewhere. The local solutions that will be proposed to you are incomplete and do not have HCA’s backing or support.</p> <p>No trial period is needed for accommodation levies in NZ. The technical challenges of implementation exist whether the mechanism is trialled or not. An imperfect trial will simply damage the case for national roll-out while hurting New Zealand’s reputation with visitors.</p> <p>If Auckland Council continues to insist it no longer has the will or funding to carry out regional event attraction and destination marketing, then HCA is ready to work with government on alternative, modern solutions such as <i>tourism improvement districts</i>. There are many ways to deliver regional tourism marketing that <i>do not</i> include council-controlled RTOs.</p> <p>If Auckland Council moves to reimpose the APTR, HCA is likely to request that central government takes steps to legislatively prevent it from doing so.</p>
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	<p>HCA remains committed to working with all stakeholders in good faith to advance best-practice solutions to New Zealand’s longstanding tourism funding problem.</p> <p><b><i>Framework for short-term rental accommodation</i></b></p> <p>HCA, alongside most other forms of transient accommodation in New Zealand, repeatedly petitioned the previous government to commence work on creating a national framework for reasonable regulation of short-term rental accommodation (STRA) such as Air BnB, Book-a-bach, etc. We understand that RTOs are also consistently calling for national regulation, and Air BnB itself prefers a national solution over a piecemeal/regional approach to policy design.</p> <p>Since proper identification of all STRA is essential in order to introduce any comprehensive national accommodation levy, it makes sense to immediately pursue this workstream.</p>
<b>Other issues</b>	<p>There are opportunities for a number of “quick wins” for you as Minister of Tourism that we would be happy to discuss with you and/or your private secretary. These do not necessarily require significant funding.</p> <p>HCA is the topic expert on hotel investment attraction. This is a key concern of multiple regions throughout New Zealand, and a challenging issue given high labour costs and relatively low room rates (compared with many overseas destinations). We stand ready to provide assistance and advice to you and other Ministers tasked with crowding in new private investment throughout New Zealand, potentially as part of Regional Deals.</p> <p>HCA regularly engages on other issues affecting the hotel sector and/or the tourism industry more broadly. We are represented on the board of TIA and we are members of BusinessNZ. Many HCA members are also full members of Hospitality New Zealand, who do important work that benefits our sector.</p>
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24 January 2025