

MAKE SURE YOU  
HAVE YOUR SAY  
BY 5 JUNE

# Proposed Visitor Levy

Once voting papers start arriving from 14 May, you'll have until Wednesday 5 June to have your say on the proposed visitor levy for our district.

With your voting papers you'll get an information sheet providing you with much more detail about the proposed model, how it would be collected, what it could be invested in, and what the next steps would be after the referendum is over and the results are in. Here are a few key facts to help you think about how you vote on the proposed levy.

QLDC has long advocated to Central Government for an alternative revenue stream to fund visitor-related infrastructure and services. Our situation in Aotearoa New Zealand is unique, with one local resident per 34 international visitors on an annual basis. We estimate that the visitor share of the capital and operating costs for the current 2018-2028 Ten Year Plan period is approx. \$374M which the proposed levy can recover. Beyond that, the proposed levy can provide a sustainable revenue stream that directly corresponds to the growth of visitor-related activity in the future.

We believe we have a model that can achieve this and ensures that visitors to our district directly contribute to visitor-related infrastructure such as roading, water supply, wastewater and recreation facilities. QLDC has worked with central government officials and independent tax advisors to refine the model. The model proposed is one that we believe is fair in that it enables those costs generated by visitors to be paid for by them, costs which otherwise would be funded by the local ratepayer base.



ONE LOCAL RESIDENT

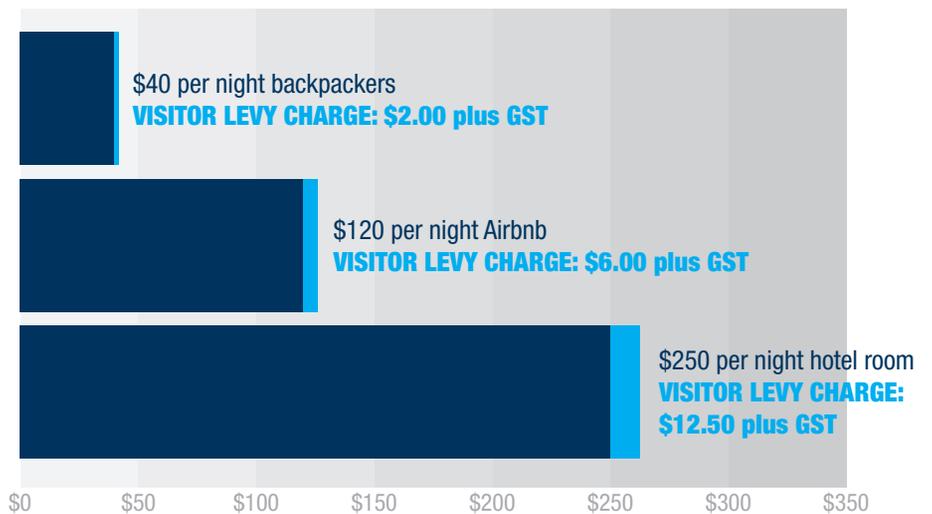
# The proposed Visitor Levy

**The following summarises some of the key details of the proposed visitor levy. These are the basis of what QLDC will present to government if the outcome of the referendum indicates community support.**

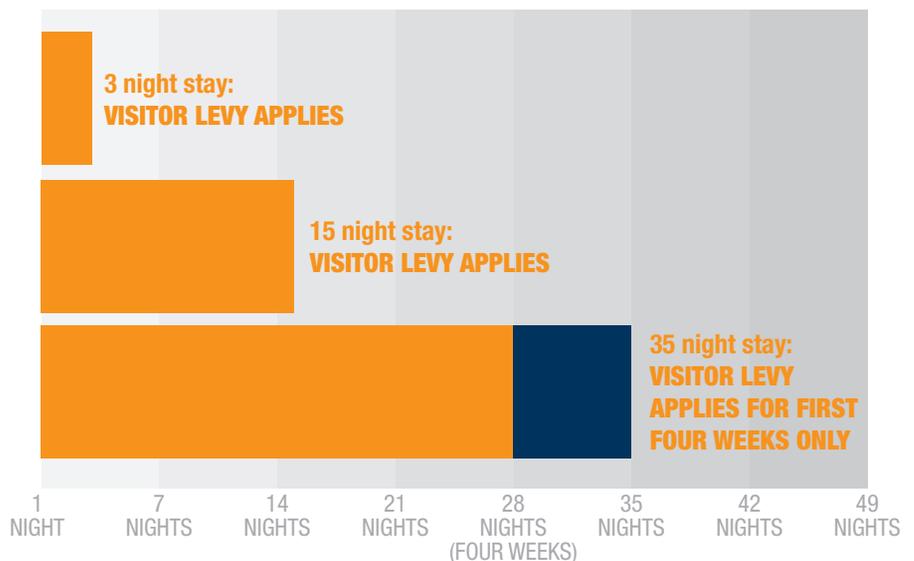
We are in discussion with government around collecting the levy in the same way that GST is charged, as a clear below the line charge, and collected by a central government agency. This way it won't be hidden in any room rate, and will clearly exist as a local charge to be paid by the visitor. The exact mechanism and precise details for collecting the proposed levy would be subject to further input from government agencies if the referendum demonstrates community support for it.

Peer-to-peer online platforms, such as Airbnb, would collect the payment directly from the visitor at the time of booking. This is a service many of them already provide for destinations throughout the world that have a local levy. If you provide accommodation through an online peer-to-peer platform that doesn't collect the levy it will be your responsibility to collect the levy and pay it to the central collection agency.

The proposed levy is a 5% charge applied to the costs of accommodation payable by visitors. For example, \$12.50 (plus GST) on a \$250 per night hotel room, or \$2.00 (plus GST) on a \$40 per night backpackers.



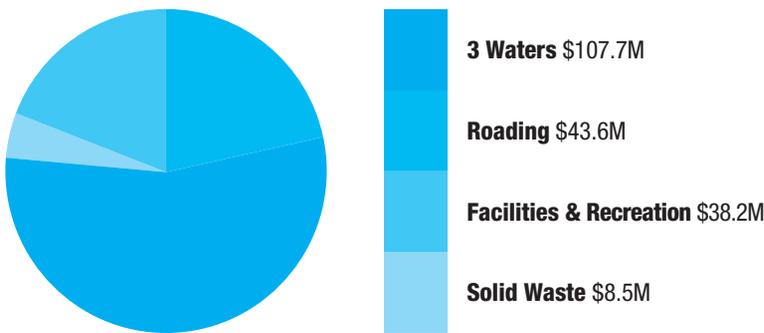
It would apply to all short-term accommodation based on occupancy (e.g. the cost of the room per night, not the number of people staying) within the Queenstown Lakes District. Short-term would be anything four weeks or less. The proposed levy would be paid by visitors in addition to their room charges, not by accommodation providers. Additional charges such as minibars, breakfast, car parking, or laundry would NOT be levied.



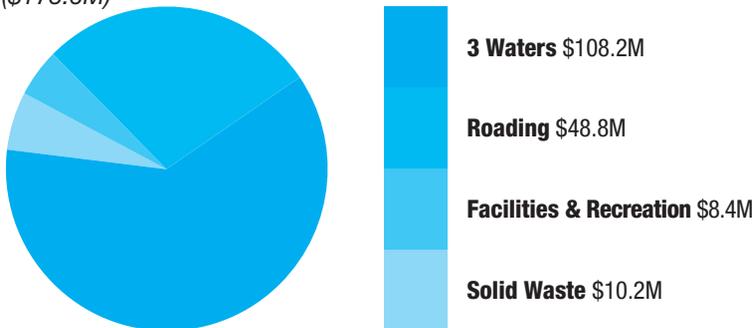
# What would the money be invested in?

The total amount of visitor-related expenditure over ten years which could be funded from the levy is \$373.7M, with \$175.6M for capital and \$198.1M for operating costs (13.4% of total expenditure over ten years). Beyond this Ten Year Plan we see the proposed levy as a sustainable revenue stream for ongoing investment in visitor-related infrastructure.

**OPERATIONAL COSTS THAT COULD BE FUNDED BY LEVY 2018-28**  
(\$198.1M)



**CAPITAL COSTS THAT COULD BE FUNDED BY LEVY 2018-28**  
(\$175.6M)



If implemented, the levy would be in place for the 2021-2031 Ten Year Plan with the revenue contributing to capital and operational costs that can be identified as being used by, in whole or in part, visitors to the district. This would include investing in infrastructure and services under additional pressure due to visitor activity such as roading, wastewater and water supply, waste disposal, public toilets and our town centres. All direct expenditure of this type would be assessed and apportioned between residents and visitors, based on a mix of average and peak day ratios between residents and visitors.

The levy wouldn't be applied to expenditure primarily benefitting local residents, or activities currently funded through grants and subsidies, user charges or development contributions.

The proposed levy would provide a new capital revenue source which will effectively reduce the Council's projected debt by approximately 39%. This would reduce interest costs and provide greater flexibility for QLDC to either invest in projects that were deferred from the Ten Year Plan, accelerate projects already in the plan, and/or divert loan funding into alternative projects, all of which enable existing funding to be redirected into projects that directly benefit the local community. These options would increase the capacity to deliver services to both our local and visiting communities alike.

# Next steps?

If the referendum demonstrates support from within the district's community, we will present the referendum outcome to central government, along with our analysis of how a levy could be implemented and operated. Government would then need to follow their process for developing the appropriate legislation, and progressing it through the select committee process to introduce new law. Our intent would be to have this in place for the 2021-2031 Ten Year Plan.

If implemented, differential rates for accommodation providers would be reviewed

with a view to implementing any changes for the financial year July 2022- June 2023. Whilst we have modelled how much revenue we believe the levy will collect, we need to see what is actually collected before reviewing what can be adjusted within differential rates.

If support is not clearly demonstrated through the referendum and the proposed levy is not implemented the alternative would be to significantly increase rates. To earn an equivalent amount of income would require increases of up to 35% over a ten-year period for some property types.

Alternatively, the Council would need to slow investment in both capital programmes and operational expenditure. This would be likely to have a detrimental effect on the district's attractiveness as a tourism destination, and reduce levels of service and investment for locals.

**LOOK OUT FOR YOUR  
VOTING PAPERS BETWEEN  
14-19 MAY AND HAVE  
YOUR SAY ON THE  
PROPOSED VISITOR LEVY  
BY 5 JUNE.**

Find out more at [www.qldc.govt.nz](http://www.qldc.govt.nz)



QUEENSTOWN  
LAKES DISTRICT  
COUNCIL