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COVID-19

TIA's Role

- TIA as the peak industry body and voice of the tourism industry has a central role to play in responding to the COVID-19 crisis, collating information from all tourism sectors and providing a collective voice to government.
- Current priorities for TIA are advocacy, business support and connection, and communications. TIA also needs to be actively involved in the tourism recovery and keeping stakeholders committed to the long-term sustainability goals of the industry.



Impact on Tourism

- Tourism is the most impacted sector of the economy. Previously, Tourism was over 20% of our exports, 10% of GDP, and supported almost 400,000 jobs.
- A TIA survey indicates average job losses of around 50% for tourism operators.

- At least 100,000 and up to 200,000 of the jobs currently supported by tourism may go.
- Predicting the full extent of the economic impact is difficult, as we don't yet know what the recovery pathway looks like. Estimated tourism spend in April was down 90% at \$240m – compared with \$2.5b in April 2019. With a drop of well over \$2b in one month, this is the equivalent of losing the annual value of the kiwifruit or the seafood industry every month.
- The impact on communities from losing tourism businesses and jobs is immense, especially in many smaller towns with a large reliance on the visitor economy.

Alert Levels

- At Alert Level 1, with most domestic business activity possible, Government support must focus on those businesses still directly impacted by border restrictions.

Border restrictions

- If New Zealand and Australia can maintain our current success in containing the spread of COVID-19, opening the Tasman border would be a major boost. It would require all the systems to be in place to deal with COVID-19 risks and public acceptance that such a reopening was safe and possible.
- We should consider whether we can also safely include the Pacific, which is hugely reliant on links with NZ and Australia.
- New Zealand must also be prepared to open its borders as soon as it can to other countries which have the virus under control, and which can demonstrate they can facilitate safe travel.

Tourism Recovery

- It should be presumed that our borders will remain closed to many parts of the world for the remainder of 2020. A return to anything like the previous level of international tourism could take 3-5 years.
- Brand awareness must be maintained in international markets and New Zealand should respond quickly to any opportunities to facilitate safe international travel.
- TIA supports Tourism NZ's new mandate to take a lead role in domestic tourism promotion, which needs to be coordinated with regional tourism bodies and tourism businesses.
- The crisis has reinforced the need for our industry to have more near real-time data. In particular, it has highlighted the gap in domestic tourism data.
- The Government needs to calculate and share one to five-year forecasts for tourism recovery and economic contribution.
- The tourism industry is people and infrastructure rich. We need innovative ways to utilise these resources, so they are not lost.

Resetting Tourism

- TIA and the industry are keen and ready to be closely involved in the reset and rebuild of the tourism industry. It will fail without private sector involvement.
- The Tourism Sustainability Commitment, the Tourism 2025 Industry Framework and the Government New Zealand Aotearoa Tourism Strategy must be at the heart of any work to reset tourism.
- The project must consider inclusion, economic value, community values, cultural connection and climate change perspectives.

Taxes and levies

- TIA is pleased the Government acted on its recommendation to allow profits from the last financial year to be offset against forecast losses in the current financial year.
- The Government should consider the suspension of ACC employer levies for the remainder of 2020, as this fund has sufficient reserves to cover past claims.
- The Government needs to make some urgent decisions on investing the \$45m available in the International Visitor Levy fund.
- Local Government must review targeted rates on business, where planned expenditure is no longer possible and/or the benefits are not shared equitably.
- Sensible tax and rating relief needs to be considered at central and local government level.

Wage subsidy

- A TIA survey identified the wage subsidy as the most important support measure taken by the Government.
- TIA was pleased the Government quickly acted to lift the cap on the initial 12 week wage subsidy.
- TIA advocated strongly for the subsidy period to be extended. Member feedback is that many businesses were hoping for more than the 8 week extension announced in the Budget.
- There should be a further extension of the wage subsidy to allow businesses to retain essential staff for the purpose of securing future revenue.

Fixed Cost relief

- Some legislative changes around dealing with commercial lease disputes caused by COVID-19 are welcome but do not deal with the underlying problem, that businesses without customers

cannot meet ongoing rent payments and face going out of business without further government support.

- Further relief is needed for fixed costs. The government should be considering a Fixed-Cost Support Fund to provide one-off grants to businesses.

Targeted assistance for Tourism Businesses

- The Strategic Tourism Assets Protection Programme is welcome as it will provide direct support to businesses that have a wide-ranging and positive impact on their communities.
- The Small Business Cashflow scheme is proving useful and TIA is pleased the application period has been extended.

Other support measures

- DOC should remove all fixed, non-revenue based concession fees.
- Maritime NZ and Civil Aviation Authority should remove the collection of fixed, non-revenue based levies and fees.
- All agencies including DOC, CAA, MNZ, WorkSafe and NZTA must review audit requirements and extend time periods. There should be a risk-based approach – if a business is not operating there is no risk.
- Banks and other lenders must be encouraged to understand the long-term value of tourism-focused businesses. If banks are not prepared to lend to tourism businesses the government may need to provide direct
- Domestic airlines need direct government support. Their sustainability is a key to recovery and regional connections.

- The Government should investigate the new French Cancellation Law. This allows tourism and travel companies to keep funds received for travel services for up to 18 months, in return for rebooking clients on the same or an equivalent service. The scheme protects tourism operators from negative cashflow, where refunds exceed new revenue, and also provides for the consumer to receive 100% value of their booking.

Tourism People

- The Government should support tertiary education initiatives to provide fees-free training and qualifications to current and displaced tourism employees.
- The medium-term requirement is the reset of 'Tourism' within the education funnel from our schools.
- The Government should invest in the development of a workforce planning framework for the post-COVID tourism industry.

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