



tourism  
INDUSTRY

ASSOCIATION NEW ZEALAND

**Accident Compensation Corporation 2008/2009 Levy Rates -  
Submission**

**10 October 2007**

## Introduction

1. This submission is from the Tourism Industry Association of New Zealand (TIA), located at level 4, Tourism and Travel House, 79 Boulcott Street, Wellington.
2. Attached as Appendix 2 are details about our organisation and who we represent.
3. If you wish to contact us regarding this submission, in the first instance, please telephone Simon Wallace, Policy Manager on 04 494 1842 or e-mail him at [simon.wallace@tianza.org.nz](mailto:simon.wallace@tianza.org.nz)
4. The TIA submission comments on the Accident Compensation Corporation (ACC or the Corporation) 2008-09 Levy Rates and should be read alongside the submission you will have received from Business New Zealand. TIA is a member of Business New Zealand's affiliated industry group and for the most part, we endorse the analysis and recommendations outlined in its submission.

## Comment

5. Our Association again welcomes the invitation to submit on the ACC Levy Rates Consultation Documents. TIA's submission last year commented on the levies and the Corporation's strategic intent. Again, we have limited our comments to those of a more general nature since we have not had the benefit or opportunity of a separate brief from ACC on the implications of the 2008-09 levies for tourism businesses.
6. The tourism industry in New Zealand is comprised mainly of small to medium sized enterprises (SMEs) – in fact, more than 10,000 tourism businesses employ less than five people. The administrative burden created by ACC compliance is time consuming and contentious for many of these businesses. Our Association supports the Corporation's operating policies, but reiterates the need for a management regime that aims at minimising small business compliance.

### *Quality Regulations Review*

7. The results of the *Quality Regulations Review* announced by the Minister of Commerce and Small Business in September this year, in which some TIA Members were involved, has given a clear steer to government agencies on the need to minimise business impacts. This is especially the case where requests are made on businesses for duplicate information.
8. We understand ACC, the Inland Revenue Department, the Companies Office and Statistics New Zealand will be leading a whole-of-government programme to improve the co-ordination of data collection and reduce duplication and reporting burdens for business. TIA welcomes this approach and through its Members will be monitoring how these changes contribute to reduced compliance in the year ahead.

## *Consultation*

9. As mentioned last year, one of TIA's main concerns was the need for improved consultation with groups affected by annual levy changes, particularly where increases do not appear to be justified. With regard to one particular case, we would like to applaud the assistance we received from ACC. A hiking operator was placed in a much higher risk category than necessary for their operation and by negotiation with an ACC case manager, the classification was later reduced.
10. Despite the positive outcome above, there are still issues for some tourism operators, especially those in the adventure sector, who in the past have been shifted into a new category and faced significantly higher levy charges without any options to appeal those levies. A particular example includes horse trekking, which has faced very high levies, because it has been assessed in the same category as racing clubs and jockeys, riding stables and horse studs.
11. TIA, as the peak industry body for the tourism sector would value being consulted if reclassifications result in significant levy increases. When setting levies, we again encourage the ACC to explain changes to businesses well in advance of changes taking effect. Depending on the size and nature of the business, some changes can have significant impacts on the sustainability and viability of small to medium sized enterprises.
12. In Appendix 1 below, we have noted the ACC classifications that most tourism businesses fall into and if there are significant increases year by year, the Association would appreciate its operators being advised at an early stage. This is not an exclusive list, but for the most part, it covers the majority of operators.
13. As we said in our submission last year, we see real value in ACC meeting with businesses at the coal-face in much the same way that Ministry of Economic Development officials did with their work on the *Quality Regulations Review*. TIA would be able to facilitate interviews with a range of tourism businesses, from the very small to the very large.
14. Our Association also wishes to reinforce the need for some degree of flexibility in current operating practices which might include more flexible arrangements around making payments, provided such arrangements are fair and equitable with other businesses and meet legislative requirements.
15. Finally, this submission endorses Business New Zealand's key concerns including:
  - over-funding of the Work Account by nearly \$900 million;
  - a truly independent assessment of the assumptions the levies are based on and taking account of the Corporation's monopoly position; and
  - the ACC Board's decision to smooth premiums over a shorter two to three year period, rather than five years.

## **Conclusion**

16. Our Association reaffirms its support of the Business New Zealand submission. From an industry perspective, we would appreciate a more active approach by ACC in consulting with the tourism sector in the levy setting process, especially when levy increases can unfairly threaten the sustainability of some businesses. Reducing the compliance burden is also integral to the growth and productivity of the many SMEs in the tourism sector and in this regard, we look forward to the implementation of actions outlined in the Quality Regulations Review.

## **Appendix 1**

### **Accommodation**

57100 Accommodation

### **Air Transport**

64010 Scheduled international air transport

64020 Scheduled domestic air transport

64030 Non-scheduled air transport

### **Surface Transport**

61100 Road freight transport

61210 Long distance bus transport. Employer's that provide bus coach tours are required to use the bus transport classifications.

61220 Short distance bus transport

61230 Taxi and other road passenger transport. Four wheel driving tours. Those engaged in this activity fall under ACC's taxi and other road passenger transport classification.

61231 Taxi organisations (excluding those that provide taxi services)

### **Hospitality (cafes and restaurants)**

57300 Cafes and restaurants

57200 Pubs, taverns, and bars

57400 Clubs - hospitality

**Adventure tourism and outdoor activities (marine, fresh water and land based – this is quite large and includes anything from horse trekking to snow skiing to bungy and sky-diving etc.)**

63020 International and coastal water transport (vessels 45 meters length and under or 500 tonnes displacement and under). Those that provide dive boat, game fishing and whale watching tours are covered under ACC's international and coastal water transport classification.

96196 Sporting and recreational equine activities (not elsewhere classified). Horse trekking. Those that provide horse trekking tours should select the sporting and recreational equine classification.

92391 Guiding service operation - outdoor pursuits. Other outdoor pursuits. Employer's that are engaged in providing outdoor guided services that are not captured by the other classifications are required to select the guiding service operation – outdoor pursuit classification. This covers Adventure sea-diving, fishing guides, guided ATV, guided kayaking, hang-gliding, paragliding, parapenting, mountain guides, tandem skydiving, and white water rafting.

66410 Travel agency services. All other types of guided tour service operators who are not captured by the other classifications in ACC's levy publications, can use classification *66410 Travel agency services*. This classification includes tour organisers (who don't themselves provide staff on the tour) and tour guide services – other than those included in the other classifications.

93190 Sports and services to sports (not elsewhere classified) - community. Includes those that operate bungee jumps.

### **Visitor Attractions**

92390 Recreational parks and gardens. This classification includes wildlife sanctuaries, animal parks, national parks, picnic grounds and non-sporting recreational grounds.

92310 Zoological and botanical gardens. This classification includes those that operate aquariums, arboretum, aviary, botanical gardens, herbarium, and zoological gardens.

### **Shopping**

ACC has 31 classifications in the retail umbrella that may fall into this category. They include those in the 51100-52591 classification range.

### **Distribution and Marketing**

78550 Business management services

78530 Market research services

### **Research and Education**

84310 University education

84320 Polytechnic and other tertiary institutional education

### **Arts and Culture (museums, art galleries etc.)**

92200 Museums also includes art museums, historic house operation, and war memorials.

92410 Music and theatre productions include ballet companies, band operation, choral group entertainers, operas, theatrical companies.

92520 Performing arts venues include cabarets, concert halls, entertainment, centres, music bowls, music halls, opera houses, playhouse and theatre operation (except motion picture theatres).

## **Appendix 2**

### **Background Information on the Tourism Industry Association New Zealand (TIA)**

1. The Tourism Industry Association New Zealand (TIA) advocates for the interests of the tourism industry in New Zealand. The businesses we represent generate more than 85% of New Zealand's tourism-related revenue.
2. Tourism is an \$18.6 billion industry (\$8.3b from international and \$10.3b from domestic tourism) with international tourist expenditure accounting for 19.2% of New Zealand's total export earnings.<sup>1</sup> The industry, directly and indirectly, 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, representing 8.9% of New Zealand's GDP, it is:
  - Highly employment intensive;
  - Regionally disparate; and
  - Very diverse - ranging from large stock exchange listed companies to small cottage industries.
3. These businesses cover a range of tourism-related activities – hospitality, transport, adventure and activities, attractions and retail and related tourism services. In many cases, regional tourism businesses have developed around regional assets divested by other industries and has revitalized those assets and the communities that depend on them.
4. 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.
5. New Zealand welcomes more than two million overseas visitors to its shores every year. The domestic tourism industry is also important in helping sustain a vibrant tourism industry. TIA estimates that over 75 million visitor nights are spent by New Zealanders every year.

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<sup>1</sup> "Key Tourism Statistics – July 2007", Ministry of Tourism website