

PROPOSAL TO ESTABLISH A GAME TROPHY EXPORT LEVY FOR THE GAME ANIMAL COUNCIL

Public consultation under
section 35 Game Animal
Council Act 2013

By the Associate Minister of Conservation

13 December 2016

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Game trophy export levy – seeking your views

The purpose of this document is to provide information on the proposed new levy on export of game animal trophies from New Zealand – and to encourage submissions on the proposal.

The levy is a funding mechanism set up in the Game Animal Council Act 2013. The Governor-General may make the levy by Order in Council on the recommendation of the Minister of Conservation.

Its purpose is to provide the Council with a funding base that would assist it to achieve its mission of “sustainable management of game animals and hunting for recreation, commerce and conservation”.

If approved, the export levy would apply from the second half of 2017, giving the Game Animal Council the means to begin operation that year. The Council can then research and propose alternate funding streams, to broaden its financial base and spread the load across the whole hunting sector.

Some things are already decided and *are not part* of this process:

- We are not inviting submissions on the use of an export levy (as this is prescribed in the Game Animal Council Act 2013) – rather we are seeking views on the levy rate and the way the levy would work.
- We are not inviting submissions on the existence or functions of the Game Animal Council – rather on a specific proposal to provide the Council with sustainable funding.

Some other topics are outside the range of this process, but are important to its context. These include the Game Animal Council's commitment to develop additional sources of funding over the medium term – see page 3.

We want to hear your views, to make sure the new export levy has input from as many people as possible with a direct interest in and real-world experience of game animal hunting and management in New Zealand.

Role of the Minister

The Minister of Conservation has delegated her responsibilities under the Game Animal Council Act 2013 to the Associate Minister of Conservation, Hon Peter Dunne. This consultation will inform the Associate Minister's recommendation to the Governor-General to establish a game trophy export levy to fund the Game Animal Council (and how that levy should be structured).

Your submission on this proposal will be incorporated into the advice prepared by the Department of Conservation to inform the Associate Minister's final recommendation about the levy.

How to make a submission

Submissions open: Tuesday 13 December 2016.

Submissions close: 5.00pm on Monday 13 February 2017.

Individuals, groups and organisations are encouraged to make a submission on the proposed levy.

Submissions must be in writing. Use the attached submission form, and send by email or by post.

So that your submission can be properly considered, please make sure your views are clearly expressed, as concise as possible, and easy to read (if handwritten).

Your submission will be held by the Department of Conservation. Generally, all submissions will be made available under the Official Information Act 1982. If you do not want your name and contact details released, please state this in your submission.

Where to send your submission:

- 1 By email to gacexportlevy@doc.govt.nz, or
- 2 By post: GAC Export Levy Consultation, Department of Conservation, PO Box 10420, Wellington 6143

The submission form includes the questions which are set out in this document.

Your comments do not have to be limited to directly answering those questions – rather the questions help show the scope of the feedback we are seeking:

- the workability of the proposed game trophy export levy
- the likely impact of the proposed levy on affected people, goods and industries.

Background

What the Game Animal Council does

The Game Animal Council is a statutory body established under the Game Animal Council Act 2013. It represents the interests of the hunting sector with the aim of sustainable management of game animals and hunting for recreation, commerce and conservation.

The Council works closely with the Department of Conservation and others involved in managing public conservation lands (such as iwi organisations), with local authorities and with various groups within the hunting sector (including commercial operators such as guides, outfitters, estates and aerial operators).

Under the Act, the Council's functions include:

- providing advice and recommendations to the Minister of Conservation in relation to game animals;
- providing information and education services to the hunting sector;
- promoting safety initiatives for the hunting sector, including firearms safety;
- conducting game animal research;
- improving hunting opportunities; and
- undertaking management functions (if delegated to do so by the Minister) for designated 'herds of special interest'.

See page 4 for information on the Council's strategic plan and the overall benefits that flow from this work.

Current funding and long-term funding

The Game Animal Council's establishing legislation requires it to be self-funding. To date, the Council has operated on a small amount of Government funding (provided on a year-by-year basis), including a contribution of voluntary time from Council members.

The Council has developed a five-year strategic plan and work programme, which shows how it will deliver on its duties under the Act. This gives the Council an annual budget to work to, and a clear basis for setting up long-term funding arrangements.

The Council has costed a full work programme over five years, which sets an annual budget of NZD 1.6 million. This was arrived at as the Council's 'most-likely' level of operation – a practical mid-point between doing the very minimum to meet the Council's obligations under the Act, and undertaking an ambitious 'stretch' programme. See page 12 for more detail on the Council's budget.

In the first instance, Council operations need to be funded from the mechanism specified in the legislation: a game trophy export levy. The other main funding mechanism listed in the Game Animal Council Act 2013 – charging fees for hunting animals in 'herds of special interest' – is not yet possible. This depends on the Minister designating such herds, which in turn depends on input from the Council. In addition, the majority of fees for hunting herds of special interest are likely to go toward meeting the costs of managing those herds.

The Act also provides for the implementation of administration fees. However, these are not intended to be a significant source of funding for the Council, and the law requires that these fees be set up through a separate legal process to the establishment of the game trophy export levy.

This initial funding mechanism, the game trophy export levy, falls largely on international visitors and affects associated commercial operators. The Council is actively exploring other funding options to recommend to the Minister for the future. However, research and implementation of these other options can only be achieved once the Council is operational and adequately resourced.

It is intended that levy arrangements (as proposed in this document) will be reviewed once other revenue streams have been considered and established. Further public consultation would be included in the development of any future recommendation to adjust the levy's rates.

What this consultation has to consider

Before recommending a levy to fund the Game Animal Council, the Minister of Conservation¹ is required by the legislation to determine what amount is reasonable to raise, and to have regard to:

- the Council's financial statements;
- the Council's forecast budget or budgets;
- any income the Council is likely to receive from sources other than levies; and
- the likely impact of the fees or levies on the affected persons, goods and industries.

It is a key element of effective government to ensure the people affected by proposed new regulation have had good opportunity to provide feedback.

Three main groups of people have been identified as affected by the proposed levy – the actual levy payers exporting a trophy from New Zealand, the service providers that support international hunters in New Zealand, and the wider hunting and conservation communities. However, this is not the limit of who is 'affected' – the overall definition is 'interested parties'. This means any individual or group is welcome to provide feedback on the proposal.

¹ or an Associate Minister she delegates to.

What the export levy would make possible

The Council's forecast budget is key to determining the amount needed to be raised. This section sets out the Council's work programme and the benefits intended to be delivered by that programme. This then informs the sections that follow – including showing how the proposed levy has been calculated.

Funding from the game trophy export levy is intended to provide a sustainable basis for the Game Animal Council to carry out its statutory functions. It would then be able to implement its five-year strategic plan and work programme, which depends on sufficient funding to hire staff and begin operations.

The list below summarises the Council's *5 Year Strategic Plan*, available on [the Council's website](#). Overall, this plan envisages the Council as an enabling organisation – providing backing and expertise to support others' initiatives – as the most cost-effective and efficient way to achieve sustainable game animal management in New Zealand. As noted in the strategic plan, the establishment of the Council provides "an unprecedented opportunity... to address the conflicts that have plagued the previous administration of game animals, specifically deer, tahr, chamois and wild pigs, by involving all with interests in these animals". The benefits this returns to the hunting sector are shown on the next page.

The mission of the Game Animal Council: Sustainable management of game animals and hunting for recreation, commerce and conservation

The Game Animal Council has set out a work programme with eight goals, and additional priority areas as directed by the Minister from time to time (e.g. review of illegal hunting).

- 1 Enhance the **quality of game animal herds** (remaining consistent with conservation values):
 - a National Integrated Game Animal Management Strategy
 - b Herds of special interest
 - c Partnerships for managing game animals outside those herds, including with landowners
 - d Information about game animals' location, best hunting techniques, and better access
 - e Research strategy.
- 2 Develop **positive relationships** through effective communication:
 - a Communications strategy
 - b Relationships with iwi
- 3 Promote **hunter safety**:
 - a Training for recreational hunters: firearm, bow and outdoor safety
 - b Training for hunting guides: client safety
 - c Training for commercial hunters: animal welfare, health & safety
- 4 **Reduce conflict** among people with different interests in game animal management:
 - a Forum and dispute resolution procedure
 - b Codes of practice to support issue resolution, as for Aerially Assisted Trophy Hunting

- 5 Improve acceptance of **hunting as a safe, legitimate activity**
 - a Educate at a public level about hunting safety
 - b Educate widely about diverse values of introduced game species
 - c Educate on hunters as game animal managers and conservationists
- 6 Promote **standards for hunting and management of game animals**
 - a Codes of conduct for recreational hunting
 - b Standards for guiding, commercial hunting and game estates
 - c Hunter understanding of standards and regulations and need to comply
- 7 **Manage the Council effectively**, including being self-funding
- 8 Promote the **interests of the game animal sector** – legislation, policy and planning.

Benefits

The activities of the Council are aimed at delivering benefits for the country as a whole, and the hunting sector specifically. This includes international visitors who come here to hunt, the service providers who support them, and local NZ hunters. Many of these benefits apply across different groups, as shown in Table 1.

As the statutory body set up to advise the Minister on issues relating to game animals, the Council is a key point of engagement with government to address issues such as illegal hunting, and to create opportunities such as in the tourism sector.

Table 1: Who benefits and how from the Game Animal Council's planned activities

	Direct and indirect benefits			
	to levy payers	to operators in commercial hunting sector	to wider hunting sector	to tourism sector
Sustainability of New Zealand's hunting sector into the future	✓	✓	✓	
Clear 'social licence' to hunt in New Zealand	✓	✓	✓	
New Zealand is a safe place to hunt	✓	✓	✓	
New Zealand is a desirable place to hunt	✓	✓	✓	
Well-managed game populations to hunt	✓	✓	✓	
Research into herd and land management	✓	✓	✓	
Improved standards, codes of practice and accreditation practices in the sector	✓	✓	✓	
Economic benefits to tourism and hunting sectors				✓
Active promotion of hunting to international audiences				✓

The groups most directly affected by the proposed levy would also be major beneficiaries of the planned activities of the Council. The levy payers (people who hunt here and then export trophies from New Zealand) would benefit from participating in a safe, well managed hunting environment that is well supported by professional and informed service industries. There would be a clear social licence to hunt, and an attractive and safe environment for accompanying tourism (including for hunters' companions and families).

The service industries that support international hunters (which may be involved in payment of the levy) should also benefit – through well-designed and delivered standards, codes of practice and accreditation systems across the sector. This quality control would make the New Zealand experience more attractive to overseas hunters seeking reliable, safe service within a competitive international hunting market.

Practical examples of the work of the Council that has direct benefits to commercial operators include:

- initiatives such as the AATH code of practice
- working with regulatory agencies to facilitate commercial activity, such as seeking to extend tahr hunting beyond the species' feral range, or a full review of the Department of Conservation's wild animal recovery operations (WARO).

Other general benefits to service providers would include a research programme that supports effective game herd management, improved relationships with landowners, better control of illegal hunting, strong industry representation at central and local government level, and professional connections to tourism marketing and media support.

Many benefits of the Game Animal Council's full operation would also be experienced by the hunting sector overall, as well as by the wider community. Hunting and its related services – and the game animal herds – would be seen to be of value to the New Zealand economy, in part through their role in attracting high net worth international visitors, who spend at high levels during their time in the country. Hunting would also be seen to contribute to other social and environmental goals (including indirect benefits of habitat enhancement and improved biosecurity).

This broader range of benefits forms the basis for the Council's plan to widen its future funding base, as additional revenue streams become established.

How the proposed export levy would work

This section has two main parts:

- The first part sets out the *key elements of the levy* – the proposed levy rate, what it would be levied on, who would pay and how, etc.
- The second part sets out *how the proposed levy rate is calculated* – this covers the Council's estimated budget and income (including an assessment of game trophy volumes), and potential impacts on levy payers.

Key elements

The Council and the Department of Conservation have worked together with the hunting sector and related groups in New Zealand to design a proposed game trophy export levy to fund the Council.

Your feedback is sought on the proposed levy's likely impact and workability.

At the end of some of the following sub-sections you will see a shaded box with questions for your submission.

These questions are designed to engage interest and get you thinking about key areas of the proposal. However, your submission on the proposed approach is not limited to these questions – you are welcome to provide submissions on other aspects of the proposed levy.

How much will the levy be?

The proposed game trophy export levy would have a single rate for all game trophies (see following for definitions).

The proposed rate is: NZD 300 excluding GST² (if any) per game trophy.

The levy would apply to all trophies as defined in the Act. There is no intent to allow for discounts or exceptions to the levy in special circumstances. Hunting sector representatives have indicated there are expected to be very few cases where such an exception might be warranted, and the process to administer these is considered unduly complex given the few cases likely to be involved.

For information about how the proposed levy is calculated, see page 12.

Why this option

Discussions with the hunting sector showed there was also interest in a levy based on a differential rate – in other words, where the payment differs either according to the kind of trophy, or to whether or not there was an accredited operator assisting with the hunt. However, these options for differential rates were considered much more complex to implement in a reasonable timeframe and delaying the levy's implementation would leave the Council without full funding for a longer period.

The recommended levy would have a single rate. It is intended that options incorporating differential rates would be considered again when the levy structure is reviewed in the future.

See Appendix 1 for more information about the other options that were considered.

² The export levy may be zero-rated for GST purposes in some instances; however, this cannot be stated with certainty until the Inland Revenue Department has made a binding ruling (under Part VA of the Tax Administration Act 1994) on the application of GST.

What will be levied?

The levy would apply to trophies of game animals as defined in the Game Animal Council Act 2013:

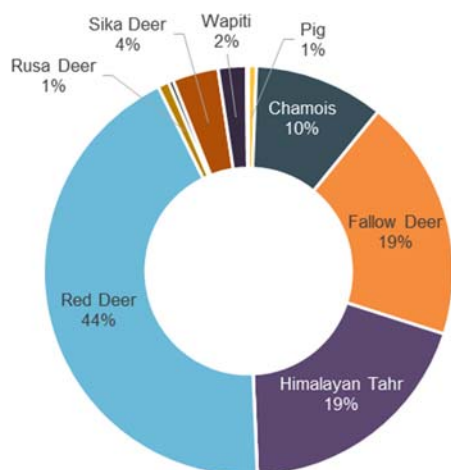
- any chamois, deer or tahr
- any pig that is living in a wild state (i.e. not farmed, herded or living within a fenced area).

The export levy would be a success-based levy – payable only when an animal is going to be exported as a trophy. It would be applied whether or not the trophy was mounted and/or treated before export.

Figure 1 provides a breakdown of the species of game trophies exported from 2014 to the present.

New Zealand offers unique opportunities to hunt a range of hooved game; of the species on offer, the data shows that red deer, tahr and chamois are the biggest drawcard to international hunters. Together these three species make up 70% of the total trophies exported from New Zealand over the examined period.

Figure 1: Species of game trophy exported



Based on number of certificate of exports issued by Department of Conservation 2014–2016.

How 'game trophy' is defined

Game trophies are defined in the Act as any part of (or a whole) chamois, deer, tahr or pig that is a hunting souvenir. The Act also specifically states that velvet, velvet antlers and the hide of a deer are *not* included in the definition of game trophies and, therefore, are not subject to an export levy.

When freighted together, separate trophies from the same animal (e.g. head skin and antlers) would incur a single export levy.

Submission questions:

Do you agree with the amount of the proposed export levy? Why / why not?

Please spell out the implications of the proposed levy rate for you. And please make clear if you are responding in terms of impacts on you as an individual, on your particular profession, or on a sector group.

Do you agree with there being no exceptions for the export levy in special circumstances? If you think there are justified circumstances, please provide details.

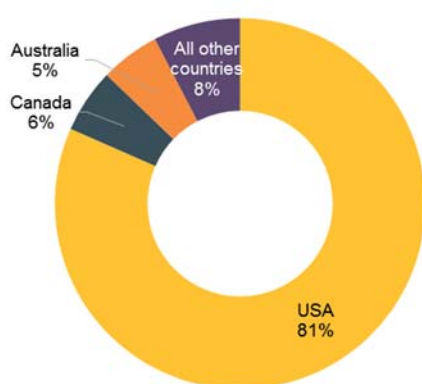
Who would pay the levy?

The Act says that the levy would be paid by the person who exports a game trophy from New Zealand. That person is called ‘the levy payer’ in this document. (See also the following section about third parties.)

In almost all cases, the levy payer will be a citizen of another country who has travelled to New Zealand to hunt game animals. They will most often have shot the game animal themselves and will be taking the trophy back to their home country.

Figure 2 shows the main countries that trophies are exported to from New Zealand – the majority are sent to the United States. It is reasonable to assume this closely matches the hunters’ places of residence.

Figure 2: Destination countries for game trophies exported from New Zealand



Based on number of certificates of export issued by Department of Conservation 2014–2016.

The levy will be charged consistent with New Zealand's international obligations. In practice, this means the export levy would not be charged when the game trophy is exported to certain destination countries.

Would a third-party pay the export levy on behalf of the levy payer?

Hunting sector representatives have said the reality of many hunting arrangements is that a third party will pay the export levy on behalf of the person exporting the trophy. This third party may be (but is not limited to) a professional guide, taxidermist or freight-forwarder. For the sake of clarity, these operators are referred to in this document as ‘service providers’.

The service providers already often arrange freight and storage and manage regulatory requirements for international hunters in New Zealand. In doing so they often incur upfront costs (including regulatory fees and charges).

The common industry practice is for service providers to require a deposit for their services (e.g. before a taxidermist begins working on a trophy), and payment in full (including associated costs) before the game trophy crosses New Zealand's borders to go offshore.

It is expected that the introduction of the export levy could see the service provider also pay the export levy on behalf of the international hunter, as part of the process of exporting the trophy overseas.

How and when will the export levy be collected?

Feedback from the hunting sector during the design of the levy has made clear the importance of the collection being efficient and fair, to make sure it does not impose an unreasonable load on the levy payer and any service providers involved.

It is also important that the collection mechanism can be set up in the timeframe available, and is cost-effective to run.

The administration of the payment system will be finalised as part of implementation of the levy, with a focus on making sure the system is straightforward and fair.

The proposal is for the export levy to be paid at the same time the trophy's certificate of export is arranged.³ In other words, payment of the levy would be at the point when the decision to export is made. There is no plan to change the actual process for arranging a certificate of export.

The levy collection approach will support international hunters paying the levy directly; it will also facilitate payment by third party service providers. This means there would be genuine commercial choice in how payment was made.

Once it is established, the collection mechanism will be reviewed regularly to ensure its efficiency and ease of use. Any future changes would be worked out in discussion with the hunting sector, and are not intended to change the basis of this proposal.

Timing

In most cases the export levy would likely be paid between 3 and 18 months after the game animal was hunted, depending on how the trophy was prepared for export (e.g. whether there is taxidermy work first). In a small number of cases, game trophies may be transported as passenger luggage on a plane (e.g. cleaned tahr head).

It is not proposed that the levy would be collected before the hunt, or after the trophy's export.

Enforcement

All export trophies, by definition, pass through New Zealand border control. The Act contains provision (section 26 refers) for the Council to request information from the Chief Executive of the New Zealand Customs Service to determine compliance with the requirement to pay the export levy and to recover unpaid export levies. Persons convicted of not paying the export levy would be liable to a fine of up to NZD 5,000.

Submission questions:

What's your view of the proposed collection mechanism?

Please make clear if you are responding in terms of impacts on you as an individual, on your particular profession, or on a sector group.

When would levy paying start?

The export levy would be made by Order in Council after it is recommended to the Governor-General by the Minister of Conservation. Once approved, collection of the levy would be expected to begin in the second half of 2017.

³ Certificates of export are issued by the Department of Conservation; the certificate is used by the person exporting a trophy to meet the regulatory requirements of the country to which it is going (it is not a legal requirement of New Zealand). It also certifies that the species shipped is not listed as a protected species in the country of hunting, or on internationally protected lists.

The date when levy payments start needs to balance the requirement to provide a funding base for the full operation of the Game Animal Council with the need to give hunting service providers sufficient time to advise their clients of increased costs.

Submission question:

What would the introduction of an export levy mean for you?

Please make clear if you are responding in terms of impacts on you as an individual, on your particular profession, or on a sector group. If you are a service provider, please make clear if this is in terms of current clients, or future clients.

What changes do you think the introduction of an export levy might lead to? For instance, might it encourage any particular changes in behaviour?

Please be clear about what part of the hunting sector you are referring to.

What would the introduction of an export levy mean for the volume and type of hunters coming to New Zealand?

What do you think the challenges will be for managing compliance with the proposed new system?

Please make clear if you are responding in terms of impacts on you as an individual, on your particular profession, or on a sector group.

How the proposed export levy is calculated

The Act requires the Minister of Conservation, before recommending the export levy, to consider what would be reasonable to charge, given the Council's financial statements, forecast budget, income and the likely impact of the levy on 'affected persons, goods and industries'.

The export levy is set up to help fund the activity of the Game Animal Council, as specified in the Act.

As the establishing income source, the total raised by the levy needs to meet the initial operating costs of the Council. This has been calculated based on a budget for the Council's planned operations, and current volumes of game trophy exports.

Put in simple terms, the Council's budget needs to equal the rate set for the levy, multiplied by the number of trophies exported each year.

The Game Animal Council's budget

The Council exists, but has been running on limited funding from the Government on a year-by-year basis. Its full and ongoing operation needs to be largely self-funding.

The Council has undertaken detailed work to develop a full budget. This has included:

- Defining a five-year strategic plan setting out how it will carry out its functions under the Act
- Developing a detailed work programme to deliver that plan
- Estimating the staff and other resources needed
- Comparing the budget with comparable organisations to test it is reasonable.

Three different scenarios were created, ranging from a 'do minimum' option to a 'stretch' option. The 'most likely' scenario in the middle of this range was used as the budget for calculating the levy. This budget takes account of the personnel and operating expenses required to do the job well – but is not 'gold plated'.

It estimates a requirement for approximately six full-time equivalent staff: a chief executive, four advisors (technical, game management, operations, and communications) and one support officer.

The budget to deliver the work programme is estimated at NZD 1.6 million per year. This is based on a 'typical year' and reflects the Council's anticipated costs once operations are up and running. This includes the areas of expenditure shown in Table 2.

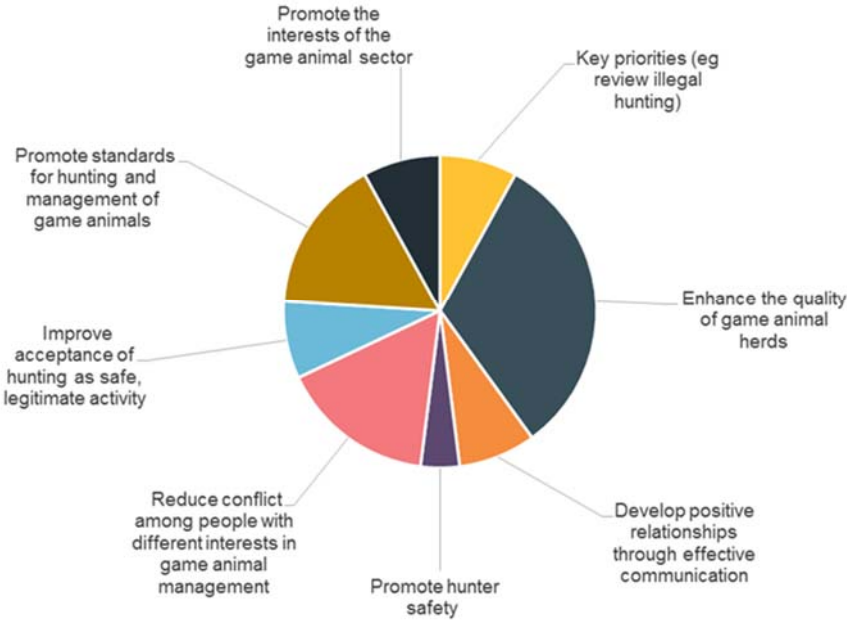
The budget was compared with the operating expenditure of organisations with similar functions and responsibilities (e.g. Walking Access Commission and New Zealand Fish and Game Council). This showed the underlying assumptions used to develop the Council's budget are reasonable.

Table 2: Council's operating budget

	NZD
Personnel cost – 6 FTE staff (including KiwiSaver, ACC, training and recruitment)	770,000
Operating cost (Council fees and expenses, industry and government stakeholder engagement, publications, specialist technical advice, vehicles, travel and accommodation)	500,000
Office and administration cost (accommodation, ICT, finance and HR advice, insurance, accountability documents and audit fees, levy administration)	330,000
Total per year	1,600,000

Figure 3 shows the proportions of the Council budget that would go to achieving the goals listed in its 5-year strategic plan and work programme – see page 4.

Figure 3: Breakdown of Council expenditure by its strategic goals



Other sources of revenue

The game trophy export levy is the only practicable revenue source for the initial operation of the Game Animal Council. As set out on page 3, the other main funding mechanism set up in the Act – charging fees for hunting animals in 'herds of special interest' – is not yet available.

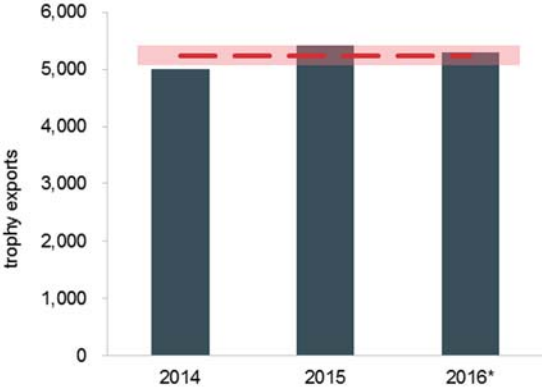
The Council is committed to exploring other sources of revenue once it is fully operational, including from the recreational hunting sector. It expects to review the game trophy export levy after the Council has been able to establish other revenue streams.

Export trophy volumes

There has been considerable effort to identify the likely volumes of game trophy exports to provide robust data for calculating the levy. The detail of trophy volumes – for instance what species are exported, and to which countries – affects the viability of different levy options.

The graph below summarises the volumes of game trophy exports based on data sourced from the Department of Conservation, reconciled against data from other government agencies and the hunting sector. It shows that, on average, the export levy would be charged on approximately 5,300 game trophies per annum.

Figure 4: Volume of game trophy exports



1 Based on number of certificate of exports issued by Department of Conservation.
2 * 2016 comprises year-to-date volumes and two months forecast data.

Submission question:

Do you agree this is an accurate view of the export volumes of game trophies (as defined in the Act)? Why / why not?

What might the introduction of an export levy mean for the volume and mix of game trophy exports?

A comparison of costs for related activities and in other countries

One aspect of assessing impacts is to consider the cost of related activities – such as associated expenses for hunters in New Zealand, or for hunting in other countries. These are summarised here as part of considering the proposed new export levy.

There are a relatively limited number of fees and charges that apply for hunting-related activity in New Zealand.

- There is no requirement to pay for a hunting licence (as there is for New Zealand freshwater fishing or game bird hunting, and for game animal hunting in many other countries)
- Some concession fees are charged by the Department of Conservation for particular kinds of access to public conservation land: commercial hunting; aerial assisted trophy hunting; and a national concession to the New Zealand Professional Hunting Guides Association granting its members authority to undertake guided ground-based hunting
- There are hunting and / or trophy-related fees charged by professional guides and owners of private land and game estates
- Export certificates are issued by the Department of Conservation to satisfy a foreign country's regulatory requirements to import game trophies.

The majority of international hunters who export a game trophy are expected to come from North America, Australia and Europe. Table 3 shows that, with the exception of Australia, New Zealand has fewer government regulations compared to these international hunters' home countries. In other ways, Australia has tighter restrictions (e.g. on access to public land).

Table 3: International hunting regulatory conditions comparison

Country	Prescribed in legislation or government regulations							
	Hunter exam	Hunting permit/licence	Land access permit	Species permit	Species quotas	Season dates	Govt animal 'tag'	Govt trophy fee
Australia	x	x	x	x	x	Some	x	x
Europe	✓	✓	✓	✓	Some	✓	x	x
Scandinavia	✓	✓	✓	x	Some	✓	x	x
Canada	✓	✓	✓	✓	Some	Some	✓	Some
South Africa	x	✓	✓	✓	✓	✓	✓	✓
USA	x	✓	Some	✓	Some	✓	Most	Some
New Zealand	x	x	DoC concession fees	x	x	x	x	This proposal

Includes all game animals – not just those within scope of this proposal.

USA varies according to State.

Overall, regulatory costs associated with hunting in New Zealand are low compared to these countries. For example, in the USA fees for hunting-related licences and permits range from NZD 200–2,000 depending on the nature of the hunting activity, type of animal hunted and whether the hunter is a resident or not. Regulatory fees for exporting game trophies can be as high as NZD 3,000.

International hunters travelling to New Zealand will incur a range of costs including air travel, accommodation, domestic travel, guide and land access, and companion / family activities. The total spend per hunter in New Zealand is not known, but service providers in the commercial hunting sector indicate the total spend can be substantial, particularly for affluent individuals who come here to hunt prime trophies.

The proposed export levy, as a proportion of visitors' total spend, is expected to be relatively small, but will vary according to factors such as length of stay, nature and location of hunting activity and number of export trophies.

For a typical scenario involving a hunter visiting from the USA, the export levy is expected to be less than 1%–3% of their total holiday cost.

APPENDIX 1: OTHER OPTIONS CONSIDERED

The work to develop the export levy included consideration of a wide range of possible options for structuring the levy.

The options were assessed using a set of principles grounded in Treasury and Auditor-General guidance and often reflected in legislation. These are set out in Figure 5.

References in the principles shown in Figure 5 to 'cost' relate specifically to the Council's costs and the term 'cost recovery' refers solely to recovering the cost of the Council.

Figure 5: Cost recovery principles to assess possible export levy options

- There must be the legal authority for the Game Animal Council to recover its cost (authority principle)
- The design of the levy should support the Game Animal Council to achieve its objectives
- Those who benefit from the Game Animal Council's services and/or give rise to the need for its services should contribute toward the Game Animal Council's cost (equity principle)
- Levies, fees and charges should be set on a full cost recovery basis (justifiability principle) – in other words, the levy should not make a profit for the Game Animal Council
- The Game Animal Council's costs should be allocated in a manner that ensures maximum benefits are delivered at minimum cost (efficiency principle)
- The Game Animal Council's costs should be allocated as closely as practicable in relation to the recovery period in which the service is performed (transparency principle).
- In so far as is practical, the levy payers should know what the amount of the levy is in advance
- Levies should be applied consistently so those in like circumstances should be liable to pay the same level
- The basis for the levy (and the underlying Game Animal Council cost) should be transparent and understandable to the levy payer

Three short-listed options were worked up in detail, and their relative pros and cons explored with stakeholder representatives:

- a two-tier export levy rate, based on whether the operator is accredited (accreditation would result in a lower export levy rate)
- b two-tier export levy rate, based on the type of game trophy being exported (chamois, tahr and red deer would result in a higher export levy rate)
- c single export levy rate for all game trophies.

Table 4 summarises the pros and cons of the three shortlisted options, as identified by stakeholders.

Table 4: Shortlisted export levy options

Shortlisted option	Pros	Cons
Export levy rate differentiated according to whether the operator (e.g. professional guide and/or game estate) is accredited	Incentivises accreditation in the hunting sector to promote safe and effective operations.	Likely to take longer to implement compared to other options. <ul style="list-style-type: none"> • The Game Animal Council Act does not explicitly allow for this option – may require legislative change. • Requires all types of operators in the commercial hunting sector to have accreditation processes in place before the export levy can be implemented. More administratively complex (compared to the standard levy option)
Export levy rate differentiated by class of trophy <ul style="list-style-type: none"> • Class 1: chamois, tahr and red deer • Class 2: All other game (wapiti, rusa, sika, white tail, fallow, sambar and pig) 	Value of the trophy is reflected in the levy paid. Less likely to impact the volume of lower-value export trophies exported compared to the standard levy option.	More administratively complex (compared to the standard levy option). Requires 'expert' knowledge at the border to detect circumstances where a trophy is claimed as another species in order to pay the lower levy rate.
Standard levy amount for all game trophies	Simplest approach to administer compared to other options.	Potential equity issues; for example, the export of a pig trophy would incur the same levy as a red stag trophy. May impact the volume of lower-value trophies exported.

Overall, a differentiated rates option is considered difficult to implement within the desired timeframe, in particular being able to ensure payment of the correct levy rate, and the Council would lack funding in the meanwhile. The Council will be able to consider other options when the export levy is next reviewed (after it has been able to establish other revenue streams) and it could be feasible to introduce a differentiated rate then.

Other possible levy options were discussed but, on balance, they were not considered as compelling as the options noted above. Each of these additional options potentially require legislative change and are not explicitly allowed for in the Act. These included options to differentiate the amount of the export levy according to the country of export, the size of the trophy, or the hunting location of the trophy.

Alternative options around the timing to collect the export levy were considered and discounted – including before the hunt (gives rise to administrative issues relating to potential reimbursement if no trophy) and after the trophy was exported (impractical to enforce compliance after international hunters return to their country of residence).