HISTORY

For the first time in the history of tourism in Vanuatu members of VHRA, VTOA, ESTA & VSOA have joined together to help promote tourism in Vanuatu. This in itself is a wonderful achievement and every contributing member should be proud of making such a decision.

The memorandum of understanding signed off in 2014 between the four key Tourism Associations was an interim measure to guarantee private Sector Funding to the VTO pending a revision of the VTO Act to provide a mechanism that would embrace all tourism related businesses in Vanuatu who would all collect the TMDF levy and contribute to the promotion of Vanuatu as a tourist destination

The TMDF is properly constituted and registered as a private company

The collection of the levy is directed through an independent 3rd party accounting firm AJC Limited

The annual accounts are audited by Barrett and Partners

Thanks to the complications of 2015 with the advent of Cyclone Pam and the resultant closure of 2 of our major resorts we have had a downturn in Contributions however as at 31st December 2015 TMDF had satisfied the requirements under the VTO Act to contribute 1/3 of the Marketing component of the 2015 VTO Budget

Moving forward the Board have agreed with VTO that each month VTO will complete their monthly accounts and send us a copy of the accounts along with an invoice for 1/3 of the marketing component of the VTO actual expenditure. This is required under the VTO Act Cap 142 11 (9)

TMDF Board have also noted that such contributions will be exclusive of "Special Aid Funds" provided by The Australia, New Zealand and Vanuatu Governments to fund the "Cyclone Pam Recovery Campaign".

In 2016 and 2017 the TMDF made repeated requests to Government to follow through on the legal requirements to make the levy collection something all tourism sector business operator were compelled to do so in law.

The voluntary contributions collected and distributed to the VTO started to diminish in 2017 as operators became less and less convinced that government would ever listen to the Private Sector and make the levy collection a statutory requirement and necessary to renew their annual business licence.

The previous DPM Joe Natuman took it upon himself earlier this year to use his powers under the VTO Act Cap 142 Section 22 (1)

The Ministerial Order was drafted and agreed by the Private Sector and the Government Agencies DOT and VTO and was due to be signed into law the week that the DPM was removed from his office.

In January 2018 the TMDF and VTO agreed a monthly payment of VUV2, 500,000 for the first 6 months of 2018 which would be paid on the condition that the Ministerial Order was signed by 30th April.

This did not happen and as a consequence the contributing members moved via a motion at a combined Associations General Meeting to quarantine funds in the TMDF account pending the signing of the Ministerial Order.

Funds currently held by TMDF exceed VUV13,000,000 and they are much needed private sector funds to assist the VTO continue the annual marketing program which is in part predicated on the monthly commitment of funding offered by the TMDF

We now await the current DPM/Minister for Tourism to sign off the Ministerial Order

**BOARD**

The Board of TMDF comprises

VHRA Chairman

VTOA Chairman

VSOA Chairman

ESTA Chairman

Note that the TMDF Board is in agreement as to the invitation to be extended to the Ministry and the VTO members to join the TMDF Board as soon as the Ministerial Order is in place

**MOVING FORWARD**

The Industry is well aware of the limitations that the government has when allocating budgets to VTO for ongoing operations and marketing and also understand the huge benefit to Vanuatu if **ALL** operators are contributing to the Private Sector support for the VTO through the TMDF

The TMDF Board estimate that the current levels of collections (around AUD$300,000 p.a.) by the participating Associations could easily quadruple over time once all tourism operators are collecting and remitting the levy.

This is a huge plus for the government and the destination

The other benefit is that our current aid donors will be impressed that the industry is working hard to be self-sufficient and likely to consider future requests for Tourism aid through programs such as VSTAP more favourably

In all TMDF Levy is a win win for all concerned in an industry widely acknowledge as being the primary economic driver for Vanuatu.

**GENERAL TMDF INFORMATION**

Please find below some general information about the TMDF Levy:

(i) TMDF Board - made up of one member from each contributing Association (i.e. one from VHRA, VTOA, ESTA & VSOA). Each Association must elect their member. Each Board member has voting rights depending on the amount of contribution made by their Association. e.g. VTOA will have more voting rights than VSOA.

Currently based on the 2017 collections the following represents the collections levels for each Association

VHRA - 75%

ESTA - 14%

VTOA - 10%

VSO - 2%

(iii) TMDF Accountant - The TMDF Board has appointed **AJC** to monitor the member's collections and also to manage the monthly accounting of the TMDF and to prepare annual accounts for audit

At no point will the Board or anyone else have access to the information held by this accountant.

(iv) Use of Funds - The new TMDF constitution will permit the Board to use TMDF funds only as follows:

(a) Cost of engaging a marketing manager or consultant - funded by NZ Aid

(b) Cost of engaging an independent accountant - AJC

(c) Cost of funding contributing associations - 10% of Annual Contributions

(d) Cost of employing a part time secretary - NA

(e) Costs associated with marketing the destination of Vanuatu -To be discussed

(f) Cost of providing 1/3 of the VTO's marketing budget as required by law -Statutory and spends on annual marketing budget and spend monthly by VTO

\* Other key points to know:

(i) Each contributing association receives a rebate of levy collected in the form of a twice yearly payment representing 10% of levy collections for their association

(ii) These funds coming from the TMDF to contributing associations means that subscription levies for each association will be abolished.

**Conclusion**

For the last 10 years the only businesses contributing funds to the TMDF and consequently marketing funds to the VTO have been members of the VHRA,VTOA, VSOA and ESTA. This has meant many tourism operators such as tour companies, transfer companies and a large percentage of all tourism businesses in Santo have not contributed anything. The new proposed levy collection system will mean ALL tourism businesses contribute funds and not just members of the VHRA. This will not only increase the amount of funds raised but also make it a fairer collection system.

The introduction of a tourism levy that is 0.5% of turnover of businesses working in the tourism environment will have the following benefits:

* Substantially increase the amount of marketing funds Vanuatu has at its disposal.
* Have tourists pay for these marketing funds rather than them being a further expense to business
* Allow ALL tourism operators to be able to contribute
* Show Aid donors that the private sector and government are working in partnership to market the destination
* The TMDF or similar structure will be a unique entity controlled by both the private sector and government agencies.

Prepared for Ministerial briefing by Board Chairman Bryan Death