

IVL Investment Framework for Tourism

Tourism Industry Aotearoa's Submission
to the Ministry of Business, Innovation
and Employment

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SUBMISSION



Kia ora

IVL Investment Framework for Tourism: TIA Submission

Tourism Industry Aotearoa (TIA) welcomes the opportunity to submit on MBIE's consultation document on the proposed investment framework for the International Visitor Conservation and Tourism Levy (IVL).

We understand the narrow scope of the consultation, but with New Zealand's Tourism Policy Statement and the refreshed Tourism 2050 in place, it is important that we consider the IVL as part of the wider tourism industry funding context.

Key points:

1. TIA calls for the IVL to be fully utilised for its original purpose, with all funds used to ensure international visitors contribute to maintaining the facilities and natural environment they use and enjoy during their stay.
2. TIA supports the development of the IVL Investment Framework for Tourism that is based on this purpose of the IVL and narrows the objectives and categories to ensure that the purpose ultimately guides the investments made.

As always, TIA would be pleased to work through this feedback with you.

Tourism Industry Aotearoa

TIA is the peak body for the tourism industry in Aotearoa New Zealand. With over 1,200 member businesses, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure activities, attractions, retail, airports and airlines, transport, as well as related tourism services.

In August 2026, TIA released the refreshed [Tourism 2050 – A Blueprint for Impact](#). The refreshed document carried forward the key changes to the tourism environment since 2023 and reset its ten actions accordingly. Critically, the key interconnected system-level actions remain and have been updated: 2) Design industry settings for 2050; and 3) Address industry funding.

Tourism 2050 aligns with the Tourism Policy Statement that was released by Government in June 2026. Both have sections that cover the funding and investment settings of the industry.

Tourism 2050 identified that the tourism system is systematically underfunded to the extent of a minimum \$250 million per annum and that the IVL has an important role as a part of the solution for addressing this funding deficit. It includes the following IVL-related sub-actions:

1. Industry to advocate to Government to reinstate IVL funds for investment in additional tourism infrastructure and conservation rather than replacing core baselines, delivering transformational outcomes the levy was designed and communicated to visitors to achieve.
2. Industry to advocate to Government to restore baseline appropriations for Tourism New Zealand and the Department of Conservation so that IVL funds deliver additional investment rather than substitution. This includes ensuring budgets for both agencies are established at appropriate levels.

3. Industry to advocate to Government to establish transparent governance and public reporting for all tourism-related funding flows, including an IVL investment plan, so that visitors, industry and communities can see how funds raised from tourism are collected, governed and used.

Accordingly, TIA welcomes the current consultation on the draft IVL Investment Framework for Tourism as part of the sub-action 3 above, but we also wish to reiterate the critical point that industry strongly considers that the IVL must be used as originally intended as set out in sub-actions 1 and 2.

Purpose of the IVL

At any juncture relating to the IVL, it is necessary to anchor this to the purpose for which the IVL was originally established, including the rationale presented to Parliament, levy payers, the tourism industry and the public.

When the IVL was introduced, it was described as a mechanism through which international visitors would contribute to the infrastructure they use and the environment they enjoy. The justification for the levy was that visitor growth was placing pressure on tourism infrastructure, communities and the conservation estate, and that visitors should contribute toward the costs associated with those pressures (2).

It was on this basis that the industry supported the introduction of the IVL at \$35.

Cabinet papers set out that visitor growth was creating ‘...infrastructure pressure, crowding, environmental, and behavioural concerns.’ It was stated that investment in supporting infrastructure and the protection of natural attractions was not keeping pace with visitor growth. Cabinet papers described the IVL as ‘...an opportunity for strategic investment in visitor infrastructure and conservation ... to ensure that tourism growth is sustainable and continues to enrich New Zealand and New Zealanders.’ (3)

This problem definition is important. The IVL was not established simply to generate another source of revenue for the Crown, but to address a specific problem; this being that visitor growth was creating identifiable tourism and conservation pressures for which existing funding arrangements were considered inadequate. (4)

The original policy documents repeatedly described the IVL as a fund for tourism and conservation investment, focused on three areas: conservation, infrastructure and tourism systems. Officials stated that the levy would be ring fenced for tourism and conservation and would be used to support projects making long term contributions to tourism and conservation outcomes, stating ‘...the levy is a way to reduce the burden of tourism on our communities and our environment. Tourism must be beneficial to New Zealanders. The levy will be invested to maintain and improve the visitor experience.’

This establishes a clear connection between the people paying the IVL and how it will be used to address visitor related pressures and support the infrastructure, environmental assets, and tourism system upon which the visitor experience depends.

The clearest explanation of what was intended by ‘other tourism-related initiatives’ was provided during Parliamentary consideration of the legislation. Officials advised that, while the IVL would support tourism infrastructure, it would also support activities that contribute to a more sustainable tourism system. Examples provided included destination planning, infrastructure planning, business planning, tourism data, workforce initiatives and skills development. Officials ultimately summarised the concept as ‘data, planning, workforce.’ (5)

A consistent theme across the documents establishing the IVL is that its revenues were intended to strengthen the ability of the tourism system to accommodate and manage visitor activity and growth. The emphasis was on infrastructure, conservation, visitor experience, destination readiness, planning and capability. The original explanatory material does not identify destination marketing, visitor attraction campaigns or demand generation activity as reasons for establishing the levy.

The distinction is important. Investments that improve infrastructure capacity, conservation outcomes, visitor management, destination planning and workforce capability are investments intended to manage the impacts of tourism and improve the functioning of the tourism system.

Investments whose primary purpose is to generate additional visitor demand or substitute existing baseline funding of Conservation and Tourism New Zealand are fundamentally different in nature. While such activities may be valuable and may generate economic benefits, they are directed toward growing visitor volumes rather than managing visitor impacts or strengthening system capability.

When the Government increased the IVL from \$35 to \$100 it said:

'The International Visitor Conservation and Tourism Levy (IVL) will be raised to \$100 to ensure visitors contribute to public services and high-quality experiences while visiting New Zealand.'

'But international tourism also comes with costs to local communities, including additional pressure on regional infrastructure and higher upkeep and maintenance costs across our conservation estate.'

'The IVL was introduced in 2019 as a mechanism to ensure international visitors were contributing directly to these costs, the vast majority of which are paid for by New Zealand taxpayers and ratepayers.' (6)

Immigration New Zealand's own website tells prospective visitors the IVL is for:

'The number of visitors coming to New Zealand has grown strongly over the past few years and growth is expected to continue. The IVL is your contribution to maintaining the facilities and natural environment you will use and enjoy during your stay.'

This discussion highlights that the IVL is not being used as intended, and that the problems the IVL was established to solve remain unaddressed. This is of major concern for the tourism industry.

Problem Assessment

Given the nature and purpose of the IVL, the tourism industry is seeing the IVL being applied differently to the initial promise:

- Of the 50% of the IVL revenue allocated to tourism (\$114.5m in 2026/27), only a small portion (\$35m) is being used for additional tourism investments.
- This means that the majority of the IVL tourism revenue is being directed to Tourism New Zealand as a substitute for a reduced baseline appropriation for TNZ.
- The additionality from the IVL in terms of investing in needed infrastructure is very limited.

The upshot is that the tourism industry considers the IVL to be operating in a way that is inconsistent with its purpose and, because of this, it is not playing the role it should

be playing for industry capacity and visitor value. In this context, TIA submits that the IVL should be used as intended and so that it can play its unique role in relation to other funding mechanisms in place or proposed across the industry.

Feedback on the IVL Investment Framework for Tourism

TIA has considered the consultation document and questions asked. We consider that TIA can most usefully contribute by looking at the IVL from a strategic perspective.

In developing this feedback TIA has discussed widely and has convened its Tourism Funding Group that is made up of industry leaders from businesses and sectors across the industry. Feedback received closely aligned to the points set out in this submission.

Investment objectives

We recognise that the Investment Objectives have been set by the Joint IVL Ministers and cover the discretionary IVL spend for both tourism and conservation purposes.

However, it is important that these objectives reflect the current imperatives of the tourism industry. As such, the objectives must be purely tourism-focused, given that DOC has established its IVL conservation investment framework.

As proposed, we do not consider the three objectives meet the current position and requirements of the tourism industry and nor do they reflect the original purpose of the IVL itself. The current framework continues to place significant emphasis on visitor growth and demand generation despite tourism now recovering towards and beyond 2019 levels for both visitor expenditure and in some locations, visitor numbers.

TIA acknowledges that, following New Zealand's slower tourism recovery relative to many competing destinations, the use of IVL funding to provide additional international marketing activity and support the recovery of visitor demand has delivered benefits to tourism operators, jobs and the wider tourism system. This was justified as a temporary response to exceptional circumstances.

However, TIA considers the balance of IVL expenditure should shift back towards its original purpose of supporting tourism infrastructure and destination readiness. These are the investments that enable tourism growth to be absorbed sustainably, help maintain community support for tourism, and address the infrastructure pressures that were the original justification for introducing the levy.

TIA advocates for all IVL tourism funds to be allocated to the tourism supply-side as from the next investment round and TNZ's baseline is restored accordingly.

There is also a distinction between using the IVL to provide additional and time limited investment to support recovery and using it to permanently substitute for existing baseline expenditure. The former may be justified in specific circumstances, but the latter is not in line with the IVL's original purpose. This distinction was recognised in briefing documents supporting the Government's IVL Investment Plan for 2025/26, which stated:

"The intention is to shift the balance of demand and supply side projects incrementally so that the supply side of the economy is eventually prioritised to meet the demands of a higher value and higher volume tourism market. This will allow for more significant investments into supply side projects in outyears."

As set out, the objectives of the IVL serve as the guiding parameters for operating the IVL.

We propose that the purpose of the IVL should be placed front and centre, sitting above the objectives. This purpose statement will state what the IVL is and what it is designed to deliver. With this in place, the objectives logically follow.

TIA proposes the following purpose statement:

Purpose

The IVL enables 'international visitors to contribute to the infrastructure they use and the environment they enjoy' in the context that 'visitor growth is placing pressure on tourism infrastructure, communities and the conservation estate, and that visitors should contribute toward the costs associated with those pressures.'

With the objectives as proposed, TIA is concerned that they are broad and can include just about any sort of tourism investment. We consider that the objectives should be more narrowly set to focus investment on the purpose statement above. For instance, the current objectives include activities such as 'market identification and growth', which we see as outside the ambit of the IVL. This is a core role for Tourism New Zealand.

Proposed Objectives

Objective 1. Increase the capacity, quality and resilience of visitor infrastructure, destination readiness and system capability.

Objective 2: Demonstrate strong value for money and alignment with tourism and Government priorities.

With this narrowing of the Objectives, the subsequent steps in the IVL process will be better defined and understood by industry.

Investment categories

TIA considers the proposed categories are too broad and go beyond the purpose and objectives of the IVL and would benefit from being more clearly prioritised.

The strongest case for IVL investment remains visitor related infrastructure. Infrastructure pressures were one of the primary reasons for establishing the IVL and remain one of the most significant constraints on tourism's long-term success. Priority should therefore be given to visitor facilities, mixed use infrastructure, transport and access infrastructure, and projects in destinations experiencing high visitor pressure relative to their resident population / rating base.

TIA supports investment in destination management planning and implementation. Effective destination management helps ensure visitor growth is coordinated, infrastructure investment is targeted appropriately, and community support for tourism is maintained over time.

TIA supports a more limited role for tourism system capability investment where there is a clear additional benefit to the tourism system. For instance, tourism data and workforce development should normally be covered by existing government funding in line with the economic importance of the industry for New Zealand and where market failure exists. However, in some cases, additional investment from the IVL may be warranted where there is a wider gain.

TIA does not consider demand generation or international marketing should be included as an investment category for discretionary IVL tourism funding. Tourism marketing remains a core government function and should continue to be funded through baseline appropriations.

Overall, TIA considers that the framework should avoid becoming a catch-all funding

mechanism for activities that would normally sit within baseline government agency responsibilities.

Investment principles

TIA generally supports the proposed principles but recommends strengthening them through a clearer connection to the purpose of the levy. The framework should include a principle requiring all investments to demonstrate a clear relationship to the purpose of the IVL and the visitor pressures the levy was established to address. This would improve transparency, strengthen public confidence and provide a clearer basis for investment decisions.

TIA also supports transparency and accountability as core principles. Given the levy is paid by international visitors, there should be clear public reporting showing how funds are collected, allocated and invested, and what outcomes have been achieved.

A further principle should be additionality. Again, IVL expenditure should complement government investment rather than replace existing baseline funding. This distinction is fundamental to maintaining confidence that the levy is being used for the purpose originally communicated to visitors, industry and the public.

Investment process

TIA supports a transparent and predictable investment process. However, the proposed process appears heavily focused on annual funding rounds, which also appear to look more like contestable grants.

For infrastructure investments in particular, a lengthy annual contestable approach may not align well with how projects are planned, prioritised and delivered. For instance, local government infrastructure planning typically occurs over much longer horizons and is integrated with long term plans, infrastructure strategies, asset management programmes and annual budgets.

TIA therefore recommends the framework move towards a strategic pipeline approach. Under this model, priority projects would be identified based on demonstrated visitor pressure, infrastructure need and expected visitor benefit. Projects could then be assessed and funded progressively as revenue becomes available.

This would provide greater certainty for applicants, better support long term planning and ensure funding is directed to the highest priority projects rather than being determined primarily through annual funding rounds. These may be programme-based initiatives as opposed to one-off projects.

The process should also provide a clearer role for industry input when priorities are being established. Input at this early stage would improve alignment with sector needs and help identify the highest impact opportunities.

Investment pathways

TIA supports the intention of creating clearer pathways for IVL investment. However, the framework should be designed around the nature of the investments being funded rather than applying a largely contestable process to all investment types.

The strongest theme emerging from both industry feedback and the original purpose of the IVL is that investment should primarily be directed toward addressing visitor pressures and

supporting the infrastructure and destinations that visitors use. This suggests that much of the discretionary tourism allocation should be treated as a strategic infrastructure investment programme rather than a grant fund.

TIA recommends that the primary investment pathway be the development and management of a national pipeline of priority visitor infrastructure projects. Projects should be assessed against factors such as visitor pressure, demonstrated infrastructure need, visitor benefit, community impacts and alignment with long term destination planning. Funding should then be allocated to these projects as revenue becomes available, providing greater certainty and enabling longer term planning. This approach is likely to deliver stronger outcomes than annual contestable funding rounds and would better align with local government planning and infrastructure investment cycles.

TIA also considers that priority should be given to destinations experiencing the greatest visitor pressures, particularly where local communities face significant infrastructure costs associated with visitor activity. This would provide a clearer link between the levy, the pressures visitors create and the benefits delivered through IVL investment.

For non-infrastructure investments, a more limited pathway may be appropriate where there is a clear and direct connection to supporting destination readiness, visitor management or investment decision making. However, these investments should remain secondary to infrastructure priorities and should not be used to fund activities that would ordinarily be considered core government functions.

TIA is cautious about establishing multiple pathways that fragment funding across a wide range of objectives. The quantum of the discretionary IVL tourism funding is very limited and risks becoming diluted if spread across too many categories. The framework should therefore maintain a strong focus on the areas that are most closely connected to the original purpose of the levy.

Overall, TIA's preference is for an investment pathway that identifies high-priority infrastructure needs, establishes a transparent long term investment pipeline, aligns with local and central government planning processes, and directs funding toward addressing visitor pressures in the destinations where those pressures are greatest.

Conclusion

Thank you for your consideration of this submission. We would be most happy to expand on any points raised. Please let me know if you have any questions or would like clarification of any points made in this submission.

Ngā mihi,



Rebecca Ingram
Chief Executive

Source Notes

- (2) *Cabinet Paper, Immigration (Visa, Entry Permission, and Related Matters) Amendment Regulations 2019 (Cabinet Legislation Committee, LEG-19-SUB-0082, 2019). New Zealand Parliament, Immigration (International Visitor Conservation and Tourism Levy) Amendment Bill, Third Reading, 30 May 2019.*
- (3) *Cabinet Paper, International Visitor Conservation and Tourism Levy (Cabinet Economic Development Committee, DEV-18-SUB-0194, September 2018).*
- (4) *Cabinet Paper, International Visitor Conservation and Tourism Levy (Cabinet Economic Development Committee, DEV-18-SUB-0194, September 2018).*
- (5) *House Preparation Material for the Immigration (International Visitor Conservation and Tourism Levy) Amendment Bill (2019)*
- (6) *New Zealand Government, International Visitor Conservation and Tourism Levy increased to \$100, media release announcing the increase in the IVL from \$35 to \$100, 2024.*