

### DIFFERENCE BETWEEN VISITOR LEVY DESIGN

To address costs associated with visitors Queenstown Lakes District Council (QLDC) has been advocating for:

- A **Local Visitor Levy (LVL)** to help fund visitor-related infrastructure, and
- a greater proportion of the **International Visitor Levy (IVL)** revenue to help fund visitor related infrastructure (considering 1 in 3 international visitors pass through Queenstown Lakes).

The Ministry of Business Innovation and Employment (MBIE) are also in early stages of investigating using a **National Visitor Levy (NVL)** to fund regional tourism organisations (RTO), such as Destination Queenstown, and local events.

All these levies have different contexts, purposes and impacts on Queenstown Lakes District.

A LVL charge of 5% on accommodation generates significant revenue, around 350M over 10 years to QLD, due to our strong tourism sector. Autonomy regarding what to spend this revenue on is essential in determining which tools is best suited for QLDC. The diagram below outlines the core differences in the proposed levy tools in this regard.

International Visitor Levy (IVL) <i>(in use)</i>	National Visitor Levy <i>(in early development/scoping)</i>	Local Visitor Levy <i>(part of QLDC regional deal)</i>
<p><b>Who pays?</b></p> <ul style="list-style-type: none"> <li>• International visitors at the border as part of visa costs</li> <li>• \$100 dollars (increased from \$35)</li> <li>• Collected and administered by MBIE/Customs</li> </ul>	<p><b>Who pays</b></p> <ul style="list-style-type: none"> <li>• Overnight visitors (both domestic &amp; international)</li> <li>• Charge applied to total cost of accommodation</li> <li>• <b>Unclear on who collects &amp; administers funds</b></li> </ul>	<p><b>Who pays</b></p> <ul style="list-style-type: none"> <li>• Overnight visitors (both domestic &amp; international)</li> <li>• Proposed 5% charge applied to total cost of accommodation</li> <li>• QLDC would likely require central govt to collect</li> </ul>
<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• To fund maintenance of tourism infrastructure &amp; environmental protection</li> <li>• <b>In practice</b> majority of revenue is Crown expenditure or already allocated (see appendix 1.).</li> <li>• Only \$35M is available per year across New Zealand to support with visitor impact (see appendix 1.).</li> </ul>	<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• To fund Regional Tourism Operators (RTOs), e.g. Destination Queenstown, potentially through establishment of a National Tourism Development Authority</li> <li>• <b>Details to be developed</b></li> </ul>	<p><b>Purpose</b></p> <ul style="list-style-type: none"> <li>• To fund council infrastructure associated with visitors.</li> <li>• Infrastructure spending associated with visitors is estimated to be approximately \$400M over 10 years in Queenstown Lakes District (excluding water).</li> </ul>
<p><b>Who decides</b></p> <ul style="list-style-type: none"> <li>• Non-contestable, this means Ministers make the decisions with advice. The process is therefore mainly political.</li> <li>• Minister of Tourism, Finance &amp; Conservation (&lt;\$20M spend)</li> <li>• Cabinet for \$20M+ spend</li> </ul>	<p><b>Who decides</b></p> <ul style="list-style-type: none"> <li>• <b>To be determined, proposal is early stages of development</b></li> </ul>	<p><b>Who decides</b></p> <ul style="list-style-type: none"> <li>• Revenue would be ringfenced for local council infrastructure associated with visitors.</li> <li>• The introduction of an LVL would mean QLDC would likely adjust its revenue mix (e.g. reducing accommodation differentials)</li> </ul>

## Frequently Asked Questions

### **What do we know about a National Visitor Levy?**

At this stage, very little. A national tourism levy would likely apply a consistent percentage across all forms of overnight accommodation across New Zealand (like a local levy). Being centrally managed, regions would have limited discretion over levy design and rates charges to accommodation providers, or what the revenue is spent on.

While no formal proposal has been introduced, the concept has gained traction among accommodation sector groups as a preferred alternative to locally-designed levies (such as a local visitor levy).

### **Can QLDC make a bid for more IVL funding?**

IVL funds are not contestable and are allocated at the respective ministers' discretion. Objectives for investment are set by ministers, and final decisions fall with them. Of the \$229M of revenue the IVL generates:

- \$35M is available nationally per year for tourism related projects, and
- \$55M is available nationally per year for conservation related projects,
- All other revenue is already accounted for and 'locked-in' until IVL funding arrangements are reviewed mid-2029 (see **appendix 1.**),

### **Has QLDC made funding bids to the IVL in the past?**

The IVL funds are not contestable, however, in mid-December 2025 MBIE staff approached QLDC staff to provide information on potential projects for 2026/27 IVL investment. This is the first time QLDC has been approached.

QLDC staff presented five projects totalling \$5M (see **attachment 1**). There were further queries regarding Skippers Bridge (associated with Project 5.) and 'Temporary Freedom Camping Infrastructure (project 2.). Staff have not heard from MBIE on the minister's final decision. It was indicated by staff that introducing a user pays scheme would likely be an attached condition to receiving IVL funding, it is assumed this will be a central requirement for most funding.

## **HOW CAN QLDC BEST ADVOCATE IN THIS SPACE?**

The most effective funding sources to advocate for are:

- 1. A Local Visitor Levy (LVL)**, with an estimated revenue of \$35M per year, and control over how funds are allocated across political cycles, this is the best long term funding tool for the district.<sup>1</sup>
- 2. Central Government grants/funds through IVL**, while these are essential for key projects, grants are often distributed on a project basis and are at the discretion of political goals and cycles (which change frequently).
- 3. National Visitor Levy funding control**, QLDC can advocate for control over funding raised from an introduced regional visitor levy. Due to the large numbers of visitors in the district a 5% accommodation levy could raise approximately \$350M over 10 year, more than the ~\$6.7M needed to fund QLDCs' RTOs. QLDC can advocate for control over the funds raised in the district to spend on visitor related infrastructure.

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<sup>1</sup> The introduction would also involve some reduction in commercial accommodation differential rating, staff are currently investigating this impact on total revenue and how much commercial differentials would be reduced in the event of a LVL being introduced.

Below is a more detailed ‘cheat sheet’ on how to make a case for IVL funding, as well as current information on projects in QLD that have received IVL investment.

### Cheat Sheet - International Visitor Levy (IVL)

**Purpose of IVL:** To fund the maintenance of tourism infrastructure and the protection of the natural environment.

**In practice:** The IVL is not contestable, meaning it’s not an open bidding process. There is also significant investment made to ‘demand-side’ initiatives to increase visitor numbers through marketing and fill central government funding gaps. Ministers set the objectives for how funding is to be invested. Each year available funds are only \$90M of the total \$229M IVL revenue. The \$90M is split between tourism projects (\$35M) and conservation projects (\$55M).

**Ministers objectives and investment for Tourism Projects 2026/27, total \$35M, are:**

Split between ‘demand-side’ projects (60% or \$21M) aimed at

- Increasing visitor numbers,

With the rest being ‘supply-side’ projects (40% or \$14M) to:

- Enhance visitor experience,
- Retaining social licence for growth.

All projects should demonstrate value for money, be-impactful, minimise duplication.

**Ministers objectives for conservation projects 2026/27, total of \$55M, are:**

*Unknown for 2026/27*

*Previous years objectives and investment split were:*

- *Visitor experience projects (40%)*
- *Biodiversity projects (60%)*

**Process:** IVL Ministers (which include Ministers of Conservation, Finance & Tourism) are delegated decision-makers for investments under \$10M. Investments between \$10M and \$20M require approval of all. Investments over \$20M require approval by Cabinet.

**Previous infrastructure investments in QLD:** QLDC has not received any IVL funding for core infrastructure, this is the primary point of advocacy for the council, especially considering the burden of visitors on ‘core’ council infrastructure such as water, roading, waste services and recreational facilities.

## APPENDIX – TOTAL ‘NEW SPEND’ PER YEAR HIGHLIGHTED IN YELLOW

Below the table shows estimated IVL expenditure forecast to 2028/29 (see orange boxes). A significant amount of the revenue is towards funding Tourism New Zealand and Department of Conservation.

As shown below only \$90M of the total \$229M is available for ‘new spend’ (highlighted in yellow), and of the \$90M only \$35M is specifically available for supply side impacts of tourism, with the other \$55M going to towards conservation projects.

### Estimated IVL Revenue and Expenditure: 2019/20 - 2028/29<sup>1</sup>

(\$m)	Actual						Forecast				Total expected 2019 – 28/29
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	
<b>Total IVL revenue</b>	<b>57.163</b>	<b>2.692</b>	<b>3.314</b>	<b>44.871</b>	<b>62.509</b>	<b>145.976</b>	<b>190.000</b>	<b>229.000</b>	<b>229.000</b>	<b>229.000</b>	<b>1,193.525</b>
<b>Tourism IVL expenditure (incl. pre-commitments)</b>											
Tourism spending to date <sup>2</sup>	(3.170)	(6.728)	(2.091)	(6.255)	(1.998)	(26.614)	(40.859)	(1.306)	-	-	(89.021)
Tourism administration fees (Incl bank fees)	(1.720)	(0.787)	(0.617)	(1.360)	(1.521)	(2.742)					
Ngā Haerenga, the New Zealand Cycle Trail Fund (Budget 24)						(8.000)	(8.000)	(8.000)	(8.000)	(8.000)	(40.000)
Tourism New Zealand baseline (Budget 2024)						(0.145)	(0.024)	(13.899)	(13.899)	(13.899)	(41.866)
Tourism pre-committed projects (Budget 25)						(8.423)					(8.423)
<b>Tourism Total IVL</b>	<b>(4.890)</b>	<b>(7.515)</b>	<b>(2.708)</b>	<b>(7.615)</b>	<b>(3.519)</b>	<b>(45.924)</b>	<b>(48.883)</b>	<b>(23.205)</b>	<b>(21.899)</b>	<b>(21.899)</b>	<b>(161.810)</b>
<b>Conservation IVL expenditure (incl. pre-commitments)</b>											
Conservation spending to date <sup>3</sup>	(2.936)	(5.685)	(5.998)	(3.320)	(15.915)	(18.169)	(57.983)	(36.660)	(20.070)	(1.577)	(168.313)
Conservation administration fees	(0.546)	(0.400)	(0.400)	(0.400)	(0.400)	(0.573)	(4.258)	(4.257)	(4.256)	(4.256)	(19.746)
Conservation pre-committed projects (Budget 25)						(32.000)					(32.000)
<b>Conservation Total IVL</b>	<b>(3.482)</b>	<b>(6.085)</b>	<b>(6.398)</b>	<b>(3.720)</b>	<b>(16.315)</b>	<b>(50.742)</b>	<b>(62.241)</b>	<b>(40.917)</b>	<b>(24.326)</b>	<b>(5.833)</b>	<b>(220.059)</b>
<b>Total appropriation for new spend<sup>4</sup></b>							<b>90.000</b>	<b>90.000</b>	<b>90.000</b>	<b>90.000</b>	<b>360.000</b>
Tourism (35 million p/a)							35.000	35.000	35.000	35.000	140.000
Conservation (\$55 million p/a)							55.000	55.000	55.000	55.000	220.000
<b>Remaining revenue to be allocated to existing activities/Crown costs in the future<sup>4</sup></b>						<b>157.612</b>	<b>78.876</b>	<b>164.878</b>	<b>182.775</b>	<b>201.268</b>	<b>785.409</b>
Tourism New Zealand baseline						86.092	56.117	101.295	102.601	102.601	448.706
Department of Conservation baseline						71.521	22.759	63.583	80.174	98.667	336.704
<b>Total IVL revenue remaining at end of financial year</b>	<b>48.791</b>	<b>37.883</b>	<b>32.091</b>	<b>65.627</b>	<b>108.302</b>	-	-	-	-	-	-

157.612

<sup>1</sup> As at 1 July 2025

<sup>2</sup> Includes Tourism New Zealand projects announced in 2024/25

<sup>3</sup> Technical adjustment of new spend expenditure to occur end of 2025/26

<sup>4</sup> IVL briefings relating to new spend appropriations and remaining revenue allocations have been proactively released and can be found here:

<https://www.mbie.govt.nz/document-library/search?keywords=ivleta&df=&dt=&sort=>