Building the Future:

Resetting the International Visitor Levy to keep taxes low

Growing New Zealand's tourism industry is a critical part of National's plan to fix the basics and build the future. Tourism is our second-largest export earner and supports around one in nine jobs. A thriving tourism industry means stronger exports, more jobs and higher wages, in Auckland and Queenstown, and in the small towns and regional centres that host our visitors.

The tourism recovery is well under way. New Zealand welcomed 3.67 million international visitors in the year to June 2026, up 9 per cent on the previous year, with monthly arrivals now back to 95 per cent of 2019 levels. Total tourism expenditure for the year ending March 2025 was $46.6 billion, or 114 per cent of 2019 levels.

The Government's Tourism Growth Roadmap and first national Tourism Policy Statement set the goal of doubling the value of tourism exports by 2034. National believes that growth should be managed responsibly, so regions that experience the benefits of New Zealand's tourism industry aren't also left to carry all of the costs.

To support a vibrant tourism industry capable of maintaining its social licence, a re-elected National Government will reset funding from the International Visitor Levy (IVL), so councils see a direct and growing financial return from the visitors they host, without a new bed tax.

Building on National's plan for tourism growth

National has already put the foundations in place. The IVL reset is the next step, by delivering on the Tourism Policy Statement's commitment to consider future funding arrangements to enable management of visitor pressures at place and delivery of sustainable tourism growth.

- **A national direction.** The Tourism Policy Statement, released in June 2026, sets eight objectives for the tourism system, including "tourism that works for regions and communities", and clarifies the roles of central government, councils, iwi and industry.
- **Backing regional tourism.** Three rounds of the Regional Tourism Boost, including $5 million announced in June 2026, have encouraged visitors to travel beyond the main centres and outside peak season.
- **Events.** A $70 million events and tourism package is bringing world-class sport and concerts to New Zealand cities and regions, with local government expected to partner in hosting them.
- **Growing demand.** Sustained investment in international marketing, a visa-waiver trial, new trans-Tasman and Chinese airline capacity, and a cruise season of close to 200,000 passengers are all lifting visitor numbers.

National's IVL reset

From 1 July 2027, funding from the IVL will be split three ways:

- **$100 million per annum** will be directed to the Department of Conservation to keep investing in the conservation estate that underpins New Zealand's visitor experience.
- **$50 million per annum** will be ring-fenced for a Tourism Priorities Fund, to keep supporting tourism growth and resilience.
- **All remaining IVL revenue,** starting at $86 million in 2027/28 and rising to $106 million in 2030/31, will be distributed directly to councils. As visitor numbers grow, more of the levy flows to the regions, rather than to central government activities, rather than to central government activities.

At the same time, National will continue to back the industry to grow by committing that there will be no increase in the IVL for at least the next three years.

$ million	2027/28	2028/29	2029/30	2030/31	4-year total
Forecast IVL revenue	$236.0	$243.0	$250.0	$256.0	$985.0
Department of Conservation (fixed)	$100.0	$100.0	$100.0	$100.0	$400.0
Tourism Priorities Fund (fixed)	$50.0	$50.0	$50.0	$50.0	$200.0
Regional funding to councils (residual)	**$86.0**	**$93.0**	**$100.0**	**$106.0**	**$385.0**

. What changes

There are three changes under National's policy:

- **Certainty for conservation.** The Department of Conservation will receive all of the baseline funding from the IVL. Right now, the levy offsets Crown appropriations to both DOC and Tourism New Zealand, and funding for conservation rises and falls with visitor numbers. From 1 July 2027, annual baseline funding will be fixed at $100 million to support the Department of Conservation.
- **A sharper central government fund.** Right now, $90 million a year is available for discretionary central government spending. National will replace this pool with a $50 million Tourism Priorities Fund, focused on international marketing, visitor infrastructure in high-growth regions, event attraction, and tourism system requirements such as investment in tourism data and the tourism workforce.
- **More support for the regions.** All remaining IVL revenue will be distributed to councils, based on their share of international visitor guest nights as measured by MBIE.

Backing the councils that host our visitors

New Zealand doesn't need a new tax. International visitors already pay their way through GST, fuel taxes and the international visitor levy. The problem is that councils who meet many of the costs of tourism don't see enough of the direct financial benefit.

Roads, car parks, public toilets, waste collection, freedom-camping enforcement and water infrastructure all have to be delivered to manage peak visitor demand, but the rates that fund them do not grow with visitor numbers. In Queenstown Lakes, where around three-quarters of visitors come from overseas, some roads serving just a handful of ratepayers carry tens of thousands of visitors a year. Rotorua, Mackenzie, Westland, Kaikōura and many smaller districts face the same imbalance.

National believes we don't need a bed tax. Instead, the regions that benefit from tourism just need to see more of the direct financial benefit that comes to New Zealand from having a thriving tourism industry. Under National's policy, every council that hosts international visitors will receive a growing share of the IVL, without justifying themselves to central government through lengthy applications or complicated funding rounds.

Over the long term, sharing more of the proceeds from tourism with communities will protect the industry's social license and ensure New Zealand remains on track to double the value of tourism to the economy by 2034.

Regional funding for councils

IVL revenue will be distributed to territorial authorities in proportion to international guest nights, as measured by the MBIE Accommodation Data Programme. Councils that host the most international visitors receive the most, and every council that hosts international visitors receives something.

As required by section 399A of the Immigration Act 2009, councils will need to show that each dollar is spent only on conservation or tourism purposes. Eligible uses include freedom-camping enforcement, public toilets and waste management, tourism promotion, event attraction, visitor infrastructure, and traffic and parking management.

Fiscal impact

Guaranteeing the Department of Conservation $100 million costs the Crown the difference between that fixed amount and the larger sum the levy would otherwise have offset against Crown baselines. The estimated impact on the Crown is set out below.

Operating ($m)	2027/28	2028/29	2029/30	2030/31	Total
IVL revenue offsetting Crown baselines (current approach)	$115.4	$117.9	$132.9	$138.9	$505.1
IVL revenue offsetting Crown baselines (new approach)	$100.0	$100.0	$100.0	$100.0	$400.0
Net operating cost to the Crown	**$15.4**	**$17.9**	**$32.9**	**$38.9**	**$105.1**

Appendix: Indicative funding for the ten largest visitor destinations

Funding is allocated across territorial authorities in Funding is allocated across territorial authorities in proportion to international guest nights. New Zealand has 67 territorial authorities. The ten that host the most international visitors are set out below and account for 74.5 per cent of the regional funding stream. Figures are $ million and are based on visitor data for the year ending June 2026. Actual funding will depend on updated international visitor numbers and IVL revenue at the time the policy takes effect.

Territorial authority	Intl guest nights	Share	2027/28 ($m)	2028/29 ($m)	2029/30 ($m)	2030/31 ($m)	Total ($m)
Auckland	3,288,400	22.3%	$19.1	$20.7	$22.3	$23.6	$85.7
Queenstown-Lakes District	2,942,600	19.9%	$17.1	$18.5	$19.9	$21.1	$76.7
Christchurch City	1,416,700	9.6%	$8.3	$8.9	$9.6	$10.2	$36.9
Rotorua District	768,800	5.2%	$4.5	$4.8	$5.2	$5.5	$20.0
Wellington City	594,100	4.0%	$3.5	$3.7	$4.0	$4.3	$15.5
Southland District	515,900	3.5%	$3.0	$3.3	$3.5	$3.7	$13.4
Westland District	458,800	3.1%	$2.7	$2.9	$3.1	$3.3	$12.0
Mackenzie District	433,400	2.9%	$2.5	$2.7	$2.9	$3.1	$11.3
Taupō District	320,300	2.2%	$1.9	$2.0	$2.2	$2.3	$8.4
Far North District	261,900	1.8%	$1.5	$1.7	$1.8	$1.9	$6.8