Outcome evaluation of the Tourism Infrastructure Fund

Final report

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ALLEN + CLARKE

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Allen and Clarke Regulatory and Policy Specialists Ltd (*Allen + Clarke*) is a consultancy that specialises in research and evaluation; policy; business change and optimisation; and governance and programme support services. We have offices in Wellington, New Zealand and Melbourne, Australia. Our company works extensively for a range of government and non-government agencies in New Zealand, Australia, and the Pacific.

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Executive summary

The Tourism Infrastructure Fund (TIF) was established to support councils in addressing visitor-related infrastructure pressures, maintaining community support for tourism, and protecting New Zealand's tourism reputation. This evaluation assessed the Fund's performance over its implementation period, examining its effectiveness, additionality, economic outcomes, and lessons for future tourism infrastructure funding.

KEQ1: Effectiveness of TIF in delivering tourism infrastructure solutions

The TIF was designed to address the structural mismatch in many high-visitor regions between the costs of providing tourism infrastructure (borne by local ratepayers) and the benefits (received primarily by visitors). Councils reported that chronic underinvestment had left sanitation, water, wastewater, and parking infrastructure degraded and unable to cope with peak seasonal demand, creating community tensions over freedom camping and perceptions that locals were subsidising visitors.

The evaluation found that the TIF was well aligned with these needs, enabling councils to rehabilitate and modernise essential facilities, deliver higher-quality infrastructure than they could have funded independently, and scale capacity to match visitor volumes. Targeting criteria ensured resources went to the most constrained councils, but the Fund's scale was insufficient to meet nationwide needs, with applications consistently oversubscribed. While the TIF successfully addressed pressing deficits, its time-limited, contestable nature meant it could not resolve the underlying structural funding imbalance, highlighting the need for ongoing funding mechanisms.

The evaluation found that TIF's co-funding model was an important mechanism for ensuring project prioritisation and commitment. By requiring councils to contribute financially alongside central government funding, the model provided both a financial incentive and political legitimacy, enabling councils to pursue projects that might otherwise have been delayed or deprioritised. Councils highlighted how co-funding reduced lengthy internal debates, allowed projects to proceed more efficiently, and strengthened community support by signalling shared responsibility for tourism infrastructure costs.

While smaller councils sometimes faced challenges in meeting co-funding obligations, these were largely mitigated through creative use of alternative funding sources, such as community fundraising, regional council contributions, and other grants. Overall, the co-funding approach struck an appropriate balance between requiring meaningful council investment and remaining accessible to councils with varying financial capacities.

The TIF demonstrated additionality by enabling tourism infrastructure projects that councils could not have delivered independently, either due to financial constraints or competing budget priorities. Of the projects that councils reported on in the survey, nearly half would not have proceeded without TIF support. Many of the other projects that councils reported on were accelerated, expanded in scope, or delivered to a higher quality than would otherwise have been possible. Additionality was most pronounced for discretionary visitor amenities such as toilets, parking, and recreational access improvements, whereas projects driven by regulatory or public health requirements would have proceeded regardless.

KEQ2: Achievement of intended policy outcomes

TIF was mostly successful in achieving its intended policy outcomes. The Fund addressed tourism pressures by delivering infrastructure that expanded capacity and improved management of visitor flows, including public toilets, car parks, lookouts, and access routes. This targeted approach alleviated congestion, reduced environmental impacts, and improved operational efficiency for councils.

Social licence for tourism was maintained and strengthened as communities recognised tangible benefits from tourism investment. The funded infrastructure reduced negative impacts such as inappropriate toileting in natural areas and congestion at tourist attractions and residential streets. The evaluation also found some evidence of improvements in visitor experience, with high-quality, functional, and accessible facilities likely contributing to New Zealand's tourism reputation.

The evaluation found evidence of spillover benefits, including enhanced accessibility for people with disabilities, environmental protection, community pride, and support for voluntary local initiatives, demonstrating that TIF's value extended beyond direct tourism infrastructure outcomes.

Evidence of economic benefits was not directly observable, but the evaluation identified three theoretical pathways through which benefits could occur: encouraging longer visitor dwell times and increased local spending, generating repeat visitation and positive word-of-mouth, and increasing destination capacity to accommodate tourism growth. Some qualitative evidence was found for the first pathway, but overall, councils noted the difficulty of capturing robust quantitative data, and highlighted that ongoing operational costs remained a significant consideration.

KEQ3: Lessons for future tourism infrastructure funding

Despite TIF's achievements, unmet tourism infrastructure demand remains, with councils reporting ongoing needs for public toilets, signage, parking, and water and wastewater infrastructure. The TIF experience highlights the importance of co-funding, targeted project delivery, and attention to operational sustainability to maximise impact, ensure community support, and enable timely delivery of essential infrastructure. Future funding models should balance central oversight to ensure consistency and merit-based decision-making with locally responsive revenue mechanisms that provide reliable funding streams, such as visitor charges or targeted rates, where feasible.

Overall, the TIF was effective in enabling councils to deliver critical tourism infrastructure that addressed immediate pressures, enhanced visitor experiences, and maintained social licence. Its key strengths included the co-funding model, strategic targeting, temporal and scope additionality, and generation of spillover benefits. Barriers included financial pressures for smaller councils, the capital-only nature of funding that shifted ongoing operational costs to local authorities, and the Fund's inability to address broader structural infrastructure challenges across regions.

The lessons learned from TIF provide a foundation for designing future tourism infrastructure funding approaches that are effective, sustainable, and responsive to both council capacity

and community expectations. Based on the findings of this evaluation, the evaluation makes the following recommendations for future tourism infrastructure funding:

1. **Target high-impact infrastructure**: Prioritise funding for small- and medium-scale projects that address immediate visitor needs and community concerns, such as public toilets, parking, waste management, signage, and accessible facilities, while maintaining provision for larger strategic investments where required.

2. **Incorporate co-funding:** Use co-investment models to leverage local contributions, encourage prioritisation of necessary projects, and ensure alignment with regional needs, while maintaining central oversight for consistency and merit-based allocation.

3. **Plan for long-term operational sustainability:** ensure funding mechanisms account for ongoing maintenance, cleaning, and servicing costs to sustain infrastructure benefits and reduce financial pressure on local communities.

4. **Target economic benefits:** Focus investments on infrastructure that enhances the overall visitor experience, extends dwell time, and increases capacity, recognising the indirect pathways through which infrastructure supports local economic growth.

5. **Combine predictable and locally responsive funding:** Deliver funding approaches that balance central oversight with locally responsive mechanisms (e.g., visitor charges, targeted rates) to provide predictable, sustainable resources aligned with visitor demand.

1 Introduction

1.1 Tourism Infrastructure Fund

The Tourism Infrastructure Fund (TIF) was established in 2017 as part of a coordinated government response to provide financial support for tourism-related infrastructure in regions where tourism growth had outpaced existing capacity.

The TIF was designed to address the challenges arising from rapid growth in domestic and international visitor numbers. While this growth generated significant economic benefits for communities and the wider economy, it placed increasing pressure on local government infrastructure including water, sewerage, rubbish collection, toilet facilities, and car parking. This strain was particularly acute in popular tourist destinations where visitor volumes exceeded what local facilities were originally designed to accommodate.

The intended policy outcomes of the Fund were to protect and enhance New Zealand's tourism reputation both domestically and internationally by supporting robust infrastructure that contributes to quality experiences for visitors, and to maintain community support (the 'social licence') for the tourism sector to operate. These outcomes recognised that inadequate infrastructure could damage New Zealand's reputation as a tourism destination and undermine community support for the tourism industry.

The TIF was open to councils as well as community organisations with council backing. It specifically targeted councils that faced constraints in financing additional capacity due to small local populations relative to visitor numbers, limited ability to collect revenue directly from visitors, and situations where local ratepayers were not always the primary economic beneficiaries of tourism activity.

Eligibility was limited to publicly accessible infrastructure that was used significantly by tourists, focusing on new facilities or enhancements rather than like-for-like replacements. The TIF excluded development of new attractions, accommodation, or commercial activities, and required projects to demonstrate they did not compete with existing commercial activities.

1.2 What was delivered through the TIF

Between 2017 and 2023, the TIF received 490 project applications across its seven funding rounds. Of these, 333 projects were funded, 105 were deemed ineligible, 47 were declined, and 5 were withdrawn by applicants. The total government contribution was just under $106 million, with councils providing an average co-funding contribution of 47%.

Toilets and sanitary facilities comprised the largest category of funded projects, with 134 projects receiving funding. Other infrastructure types were funded at roughly equivalent levels (Table 1). The funding distribution saw water and wastewater infrastructure receiving the highest average funding per project ($610,000), while toilets and sanitary facilities, despite representing the largest number of projects, averaged $302,000 per project. Other project categories averaged between $200,000-$350,000 per project.

Table 1: TIF project type, MBIE contribution and funding outcomes

Project type	Funded	MBIE contribution	Declined	Ineligible	Withdrawn
Toilets and sanitary facilities	134	$40,435,076	12	7	4
Carparking and vehicle facilities	43	$10,229,501	9	10	
Other or unclassified	44	$15,145,340	6	26	1
Studies, tech & other amenities	47	$10,258,250	10	31	
Trails, tracks and accessways	32	$9,418,948	6	26	
Water and wastewater infrastructure	33	$20,128,444	4	5	
Total	**333**	**$105,615,559**	**47**	**105**	**5**

Regional distribution, outlined in Table 2, shows that TIF funding was spread across all regions of New Zealand, with variation in both total investment and project numbers. Canterbury received the largest share of funding ($14.9 million across 43 projects), followed closely by Waikato ($14.3 million, 45 projects) and Northland ($12.4 million, 46 projects).

Average project size varied significantly across regions. Some regions received substantial funding through fewer, larger projects (such as Southland with $11.9 million across 15 projects, averaging $793,000 per project), while others had lower average project values (such as Northland with 46 projects averaging $270,000 each - the lowest per-project average). Canterbury and Waikato had similar per-project funding levels ($347,000 and $317,000 respectively).

The South Island received approximately 60% of total funding despite having a smaller population, likely reflecting the concentration of international tourism destinations in that area.

Table 2: TIF funding distribution by region

Region	MBIE Contribution (contract level)	Number of projects
Auckland	$180,200	1
Bay of Plenty	$5,793,285	22
Canterbury	$14,942,284	43
Chatham Islands	$1,484,889	6
Gisborne	$2,342,898	6
Hawke's Bay	$6,819,733	33
Manawatū-Whanganui	$5,924,776	15
Marlborough	$2,340,941	19
Nelson	$1,202,025	4

Region	MBIE Contribution (contract level)	Number of projects
Northland	$12,401,843	46
Otago	$9,606,997	23
Southland	$11,894,915	15
Taranaki	$821,187	2
Tasman	$825,259	3
Tasman/Nelson	$2,162,066	6
Waikato	$14,258,425	45
Wellington	$2,631,920	10
West Coast	$9,981,916	34
Grand Total	**$105,615,559**	333

While this evaluation focuses on the Tourism Infrastructure Fund, it is important to note that TIF was not the only source of government investment in tourism infrastructure. The Provincial Growth Fund (PGF) also allocated substantial funding to tourism-related projects, with over $722 million approved through grants, loans, and equity, including $679 million directly to tourism businesses and $44 million to supporting infrastructure.

Table 3: PGF tourism-related funding paid as at June 2025, by sector

Sector	Funding
Airports	$14,089,723
Aquaculture, Ports	$2,500,000
Arts and Recreation	$27,71,000
Capability / Capacity	$602,700
General Infrastructure	$10,200,000
Ports	$5,774,000
Rail	$200,000
Regional Projects	$6,946,000
ITO/STAPP – Tourism	$1,091,685
Tourism	$678,245,834
Total	**$722,420,942**

While the PGF and TIF differed in design, scope, and funding mechanisms, the substantial PGF investment in tourism infrastructure during the same period may make it more difficult to isolate the specific impacts of TIF-funded projects. The TIF outcomes should be considered in the context of broader government funding activity, recognising that some observed effects may have been influenced by multiple concurrent funding streams.

2 The evaluation

The Ministry of Business, Innovation and Employment (MBIE) commissioned *Allen + Clarke* to undertake an independent evaluation of the TIF.

2.1 Evaluation purpose

The purpose of the evaluation was to assess the effectiveness of the TIF in addressing tourism-related infrastructure pressures and achieving its intended policy objectives. Specifically, the purpose of the evaluation was to determine whether the TIF successfully:

- contributed to protecting and enhancing New Zealand's tourism reputation domestically and internationally
- delivered quality experiences for visitors
- maintained the social licence for the tourism sector to operate.

The evaluation aimed to identify both positive and negative outcomes achieved through the TIF's investments, and provide insights to inform potential future tourism infrastructure funding initiatives.

2.2 Key evaluation questions

In line with the evaluation purpose, the key evaluation questions (KEQs) which framed the data collection process were:

1. To what extent was the TIF effective in delivering tourism infrastructure solutions?
2. To what extent did the TIF achieve its intended policy outcomes?
3. What lessons from the TIF can inform future tourism infrastructure funding approaches?

The KEQs were operationalised into a set of criteria that established standards and benchmarks for measuring the TIF's performance. These covered: impact on infrastructure capacity; additionality; effectiveness of co-funding model; economic benefits; mitigation of tourism pressure; maintenance of social licence; and protection of tourism reputation.

These criteria were further broken down into specific areas of investigation that guided the evaluation. A full list of the criteria and areas of investigation is provided in Appendix A.

2.3 Evaluation methodology

The evaluation used a mixed methods approach to answer the KEQs. Details of the data collection methods are provided overleaf.

Analysis of extant documents

The MBIE Tourism Investment Management Performance team provided a range of reports and documents related to TIF design and delivery. These included cabinet papers detailing the fund design and proposed changes during its implementation, the report from a process evaluation, application information and supporting materials, and quantitative data on TIF projects and recipients.

During the course of undertaking the case studies (see below), additional documents were provided to the evaluators. These documents focused on the outcomes and achievements of specific TIF-funded projects, including project plans, assessments of expected economic impact, post-completion reports, financial statements, monitoring data, and stakeholder feedback documentation.

The evaluators undertook a systematic deductive review of all documents against the KEQs and assessment criteria. The results of the document review were triangulated against primary data generated through interviews and case studies to validate and contextualise findings related to TIF outcomes, and to verify factual information where relevant.

Analysis of MBIE data

The evaluation incorporated analysis of administrative data provided by MBIE on TIF applications and funding decisions across rounds 1-7. This dataset included information on 490 project applications, funding outcomes, project types, regional distribution, and government contribution amounts.

Key metrics analysed included success rates by project type, average funding amounts, regional distribution of projects and funding, and the proportion of government versus council contributions. The data provided context for understanding the overall reach and focus of the TIF programme, enabling comparison of survey and case study findings against the complete population of funded projects.

The evaluation analysed MBIE International Visitor Survey (IVS) data on visitor ratings of public facility availability and experiences of tourism-related issues such as overcrowding, parking, and litter (i.e., issues on which TIF-funded infrastructure was designed to have impact). Following MBIE's standard reporting conventions, the analysis used financial year-end data for the years ending June 2024 and June 2025. Each data point represents a rolling 12-month period, providing consistent annual measures while accounting for seasonal variation. The IVS resumed in July 2022 following COVID-19 border closures, and MBIE advised that data from the year ending June 2023 is not sufficiently stable for reporting due to the inclusion of the immediate post-border reopening period.

Key stakeholder interviews

The evaluation included qualitative interviews with five key stakeholders who had strategic oversight or operational involvement in the TIF. The interview sample was selected through purposive sampling to ensure representation across decision-making and implementation roles. Participants included representatives from the MBIE Tourism Investment Management Performance team (the fund administrators), members of the TIF decision-making panel (responsible for funding allocation decisions), and representatives from Local Government New Zealand (LGNZ), representing the primary funding recipients and beneficiaries.

These semi-structured interviews explored three main areas: the background context and delivery mechanisms of the Fund; national-level perceptions of TIF effectiveness in achieving its intended policy outcomes; and lessons learned for future tourism infrastructure funding approaches. The interview guide was structured around the KEQs, covering fund effectiveness, policy outcome achievement, and future funding considerations.

All interviews were conducted online via video conferencing and lasted between 45 and 60 minutes. Prior to each interview, participants received an information sheet outlining the evaluation purpose and process. Informed consent was obtained from all participants, including permission for audio recording to support accurate transcription and analysis.

Survey

The evaluation conducted an online survey of councils that had received TIF funding. The survey was designed to collect predominantly quantitative data on project outcomes and impacts. The questionnaire addressed the KEQs through structured questions covering project characteristics (infrastructure type, investment scale, completion timeframes), the achievement of outcomes at the project and regional level, and lessons learned and recommendations for future approaches. The survey also collected data on unsuccessful TIF applications to understand selection effects and capacity constraints.

The survey was delivered using the Qualtrics platform. It was designed to limit respondent burden with an estimated completion time of approximately 10 minutes. Prior to distribution, the survey instrument was reviewed by MBIE staff and feedback was incorporated to ensure question appropriateness and clarity.

The survey sample included all councils that had received TIF funding from rounds 1-7, representing the complete population of TIF recipients rather than a sample. The survey was distributed to 61 councils that had received TIF funding.

The survey achieved a response rate of 41% (25 councils started the survey) with a completion rate of 34% (21 councils completed the full survey).

Councils were asked questions about the overall impact of their TIF-funded projects. Not all respondents answered every question, so response rates for individual questions ranged from 18-21 councils.

More detailed information was then obtained on specific projects representing different types of infrastructure or different outcomes. At this project level, councils provided detailed

information on 47 TIF-funded projects, with individual question responses pertaining to 45-47 projects (as respondents did not answer every question for each project). Councils also provided information on an additional 20 projects that had applied for but did not receive TIF funding.

Case studies with TIF recipient councils

The evaluation included three council case studies to provide detailed investigation of the extent to which TIF achieved its intended outcomes at the local level. The case study sites were selected through purposive sampling to ensure representation across different geographical contexts, scales of TIF investment, and infrastructure investment types, thereby capturing the diversity of TIF funding approaches and outcomes. The selected councils represented three different investment models:

- Council 1 demonstrated large-scale investment, having received substantial TIF funding across multiple projects that formed part of a comprehensive regional tourism infrastructure portfolio. This case explored how the TIF could support a strategic, region-wide approach to tourism infrastructure development, with investments spanning multiple facilities and tourism pressure points across the district.

- Council 2 represented critical infrastructure investment, using TIF funding for a major wastewater system upgrade that directly addressed infrastructure constraints limiting tourism growth in a popular destination. This example provided insights into how TIF could tackle fundamental infrastructure bottlenecks that restricted a destination's ability to accommodate visitor demand while maintaining environmental and community standards.

- Council 3 exemplified a mixed-scale investment approach, combining one major environmental infrastructure project with multiple smaller visitor amenities across the district. This case illustrated how TIF could support both essential infrastructure and the broader network of visitor facilities needed to manage dispersed tourism across rural areas.

Each case study employed a multi-stakeholder approach, seeking perspectives from council personnel involved in TIF applications and project delivery, regional tourism organisations (RTOs), and tourism businesses expected to benefit from the infrastructure investments. In total, the evaluation team conducted interviews with 10 council representatives (comprising both staff and elected members), four RTO representatives, and seven tourism businesses across the three case study sites.

All interviews were conducted virtually via video conferencing, with each session lasting up to one hour. The interview guides were tailored to different participant types, exploring local perspectives on key evaluation themes including the extent to which TIF contributed to quality visitor experiences, whether infrastructure capacity constraints were effectively addressed, and how well TIF enabled communities to respond to tourism pressures and maintain social licence for tourism.

As with the key informant interviews, informed consent was obtained from all case study participants prior to data collection, including permission for audio recording to support accurate transcription and analysis.

The findings from the case studies have been integrated into the overall evaluation analysis rather than reported as separate individual cases, contributing to the comprehensive assessment of TIF effectiveness across the three Key Evaluation Questions.

Analysis of council data related to TIF-funded infrastructure

During the survey and case study data collection, councils were asked whether they had available data that could assist in evaluating the outcomes and impacts of TIF-funded infrastructure projects. This request aimed to identify quantitative evidence of project effectiveness and economic impact.

Six councils provided data in response to this request. The data submissions varied in scope and type, with councils providing information across three main categories: maintenance and operational costs (four councils), visitor surveys and feedback (two councils), and visitor numbers or foot traffic data (three councils). The variation in data availability reflected differences in council monitoring practices and resource capacity for data collection and analysis.

The evaluation team conducted a systematic analysis of all submitted data, examining it for evidence of project outcomes, economic impacts, and infrastructure effectiveness. However, the data had significant limitations for evaluation purposes. The information provided was predominantly focused on infrastructure outputs rather than broader policy outcomes, with councils typically reporting on facility usage statistics and operational metrics rather than demonstrating links to tourism growth, economic benefits, or community impact (see section 2.6 for further details on limitations).

2.4 Data analysis and synthesis

Quantitative data analysis

The TIF administrative data was analysed using descriptive statistics to identify patterns in funding distribution across project types, regions, and funding outcomes. Analysis focused on understanding the scale and scope of TIF investment, identifying which types of infrastructure were most commonly funded, and examining regional variations in funding allocation and project characteristics.

The survey analysis focused on identifying trends and patterns across regions, investment types, council characteristics, and project scales using descriptive statistical methods. Data analysis was conducted using Microsoft Excel. The evaluation team conducted descriptive analysis to assess outcome distributions and comparative analysis to identify differences between different project and council characteristics. The small number of responses to the survey meant reporting counts was more accurate, rather than percentages.

Qualitative data analysis

The qualitative data from interviews and open-text survey responses underwent thematic analysis using a deductive coding approach structured around the Key Evaluation Questions.

The coding process began with open coding to sort the data into broad thematic categories aligned with the evaluation framework. All interview transcripts and survey open text responses were systematically coded. The analysis employed the constant comparative method[1], with each new piece of data compared against previously coded material to identify patterns, similarities, and differences in experiences across participant groups (key stakeholders, council personnel, regional tourism organisations, and tourism businesses). This enabled the identification of themes and sub-themes across different participant groups and data sources.

Following initial coding, the evaluation team conducted iterative reviews of emerging themes to assess their validity and relevance to the evaluation questions. The team then refined the thematic structure until consensus was reached on the key insights and their supporting evidence. This process ensured that the final analysis accurately represented the range of perspectives captured in the data while maintaining clear connections to the evaluation's analytical framework.

Synthesis of information

Findings from each analytical component were systematically triangulated and compared to identify convergent and divergent themes across the Key Evaluation Questions. This triangulation process enabled comprehensive cross-referencing and integration of evidence independently derived from multiple data sources, including document analysis, stakeholder interviews, case studies, survey responses, and available council data.

The synthesis process was designed to strengthen the validity and reliability of findings by examining the extent to which different data sources supported or challenged emerging conclusions. Where multiple sources converged on similar findings, this provided greater confidence in the evaluation conclusions. Conversely, where sources diverged or contradicted each other, this prompted deeper investigation into the underlying factors that might explain different perspectives or experiences.

Sense making workshop

As part of the analytical process, the evaluation team conducted a sense-making workshop with members of the MBIE Tourism Investment Management Performance team and a representative from the Insights team. This provided an opportunity to test the relevance and accuracy of draft findings, ensure clarity of interpretation, and identify any critical gaps or misunderstandings in the analysis.

[1] Constantinou, C. S., Georgiou, M., & Perdikogianni, M. (2017). A comparative method for themes saturation (CoMeTS) in qualitative interviews. *Qualitative Research*, 17(5), 571-588. https://doi.org/10.1177/1468794116686650

During the workshop, preliminary findings were presented and subjected to critical discussion, with participants providing feedback on both the substance and presentation of conclusions. The insights gained from this collaborative review process were incorporated into the refinement of findings, helping ensure that the final evaluation conclusions were both methodologically sound and practically meaningful for policy development and implementation.

2.5 Evaluative judgements

To provide clear, standardised judgements on TIF performance, the evaluation employed a systematic assessment rubric, which was applied to each evaluation criterion. The evidence collected throughout the evaluation was assessed against this rubric to assign a performance rating for each key criterion: impact on infrastructure capacity, additionality, effectiveness of co-funding model, mitigation of tourism pressure, maintenance of social licence, and protection of tourism reputation. This approach provided high-level evaluative judgements on how each aspect of TIF performed against its intended outcomes.

The rubric uses a four-point scale that focuses on the effectiveness of the TIF in achieving its intended outcomes. A generic version of the rubric is provided below. Specific descriptors for each criterion are provided in Appendix B.

Highly effective	**Effective**	**Partially effective**	**Minimally effective**
Achieved all intended outcomes with significant additional benefits	Achieved most intended outcomes	Achieved some outcomes but with significant limitations	Did not achieve intended outcomes, or detrimental impact

For each evaluation criterion, evidence was systematically compiled from all data sources and assessed against the detailed rubric descriptors. The evaluation team applied the rubric through a structured assessment process, documenting the specific evidence supporting each rating and noting any data limitations, conflicting information, or areas of uncertainty that influenced the final judgement.

This systematic approach ensures that evaluative conclusions are transparent, evidence-based, and methodologically defensible. The rubric descriptors provide clear benchmarks for assessing the degree of impact achieved, while the documentation of supporting evidence enables readers to understand the basis for each assessment and the relative strength of the evidence base underpinning the evaluation's conclusions.

2.6 Limitations

The evaluation has several methodological limitations that should be considered when interpreting the findings.

The quantitative data available for analysis was limited in its utility to demonstrate TIF impacts. No councils provided economic impact data that could quantify the return on TIF investment

or demonstrate broader economic benefits to their regions. Additionally, the absence of baseline or comparator data constrained the evaluation's ability to assess the attribution of observed changes to TIF funding. Without before-and-after comparisons or control group data, it was not possible to isolate the specific impact of infrastructure improvements from other factors affecting tourism patterns and outcomes in the respective regions.

The findings from qualitative interviews reflect only the perspectives of those who participated in the evaluation, creating potential gaps in representation. Key stakeholder interviews were primarily conducted with those involved in TIF design and delivery, while case study participants were concentrated in three councils, potentially limiting the generalisability of findings to other TIF recipients.

The evaluation relies on self-reported data from participants, which is vulnerable to various biases including social desirability bias (where participants may present their experiences more positively), recall bias (where participants' memories of events may be incomplete or inaccurate), and confirmation bias (where participants may emphasise information that supports their existing views). Additionally, council participants may have incentives to present TIF outcomes favourably given their potential interest in securing future government funding for tourism infrastructure, which could influence their responses and assessments of programme effectiveness.

The evaluation was conducted while some TIF projects were still in delivery, potentially limiting the assessment of longer-term outcomes and impacts. The full effects of infrastructure investments may take several years to materialise, particularly for complex projects or in terms of broader economic and community benefits.

To partially address these limitations, the evaluation employed several mitigation strategies. Data triangulation was used to cross-validate findings, drawing on multiple sources including document analysis, stakeholder interviews, case studies, and available quantitative data. The evaluation also incorporated perspectives from RTOs and tourism businesses to provide some independence from TIF implementers and recipients. Additionally, the systematic rubric-based assessment framework helped ensure that evaluative judgements were made transparently based on available evidence while acknowledging areas of uncertainty or limited data availability.

3 TIF outcome evaluation findings

3.1 Effectiveness of the TIF in delivering tourism infrastructure solutions

This section presents the evaluation findings to address KEQ1: To what extent was the TIF effective in delivering tourism infrastructure solutions?

3.1.1 Impact on infrastructure capacity

Council and communities experienced a range of tourism infrastructure constraints

The TIF was designed to address a structural challenge facing many New Zealand tourism destinations: a mismatch between how tourism infrastructure is funded and who is perceived to benefit from it. Tourism infrastructure is typically funded through local rates, but communities often perceive that ratepayers bear the cost while visitors and tourism businesses reap most of the benefits.

> *"The fundamental challenge for local government is funding and financing. Tourism doesn't pay directly for tourism infrastructure, so ratepayers are effectively subsidising visitors." (Key stakeholder)*

This funding challenge is most acute in regions with small rating bases but high visitor numbers. Councils need to provide infrastructure to meet peak seasonal demand, while paying for this infrastructure through rates collected from a much smaller permanent population.

> *"We have a million and a half visitors each year, but the infrastructure we have to provide for them is only paid for by 13,000 residents." (Council)*

This structural imbalance created infrastructure deficits. Prior to the TIF, these regions reported facing a range of infrastructure gaps that were constraining tourism development and creating community tensions. The survey and case studies indicated that the most pressing need was sanitation infrastructure, with public toilet facilities identified as a critical infrastructure gap across nearly all regions. For example, one council's toilet usage survey found that 84–90% of people using a public toilet facility in a tourism centre were non-residents, with over 2,400 users surveyed across a 69-day period, demonstrating the scale of visitor pressure on local facilities. This pattern of insufficient sanitation infrastructure was observed across multiple tourism destinations, with an RTO reporting similar pressures.

> *"There were a significant number of visitors using public facilities and the camping ground. [Prior to the TIF investment], improvements were required as these areas continued to become popularised, but with facilities simply degrading." (RTO)*

Water and wastewater systems were also under strain. Councils described tourism towns where wastewater discharges were environmentally unsustainable, water treatment plants needed upgrades to cope with peak loads, or supply capacity could not meet seasonal demand.

Councils reported that investments in tourism infrastructure were politically difficult to justify to local communities. The challenge was particularly acute because the required facilities were typically located at tourist attractions and freedom camping sites, representing infrastructure that communities perceived would be unnecessary without visitor usage.

Beyond the infrastructure itself, these deficits had wider social impacts. Freedom camping was a particular flashpoint, with communities frustrated at fouling and litter in natural areas. The visibility of these issues reinforced perceptions that tourism infrastructure was inadequate and that locals were unfairly carrying the costs of tourism growth.

The TIF demonstrated alignment with councils' most pressing infrastructure needs

The evaluation found that the TIF effectively targeted the gaps that were constraining tourism development and generating community tensions. Survey results showed near-unanimous agreement that the types of infrastructure the Fund could support matched council needs (Figure 1), with 18 out of the 20 councils that answered this question either strongly agreeing or agreeing with this statement.

Figure 1: Survey respondents' views on whether TIF-fundable infrastructure matched council tourism infrastructure needs

The TIF enabled councils to invest in the rehabilitation and modernisation of infrastructure

The case studies and open text survey comments indicated that the TIF enabled councils to address long-standing challenges that they had been unable to resolve independently, due to limited revenue sources and the difficulty of justifying tourism-related investment to local ratepayers.

The Fund was effective in addressing infrastructure deficits that had accumulated over time due to chronic underinvestment. Across the three case study councils, participants described a pattern of deteriorated infrastructure, including dated and "grotty" toilet facilities, inadequate waste disposal systems, and undersized parking areas that could not accommodate growing visitor numbers. Interviewees stated that much of this infrastructure had not been reinvested

in for extended periods, creating facilities that were inadequate for modern tourism expectations.

The TIF enabled councils to move beyond basic functionality to deliver quality infrastructure that enhanced visitor experiences. The co-funding model proved particularly valuable in this regard, with several councils noting that TIF support enabled the provision of higher quality facilities than would have been possible if councils had been required to cover the full cost independently. As one council representative stated, the fund enabled them to "put in proper facilities" rather than just "functionally solving the problem," allowing for infrastructure that enhanced visitor experiences rather than merely accommodating needs.

The Fund provided investment to scale infrastructure to meet tourism demand

An important success of the TIF was that it enabled councils to address capacity mismatches between existing infrastructure and actual tourism demand. This challenge was particularly acute in regions where visitor numbers dramatically exceeded resident populations during peak periods, creating infrastructure pressures that existing systems could not accommodate.

Case study councils provided data on tourist volumes that showed peak visitor loads that were several times larger than their resident populations, requiring infrastructure designed for substantially higher capacity than local needs alone would justify. Wastewater treatment exemplified this challenge, where councils needed to upgrade systems to handle peak loads rather than average demand.

> *"[Town] is a good example with only 1000 residents, but up to 10,000 [visitors] on a busy weekend. But when you produce your wastewater plant, you've got to cater for the peak… because of tourists we needed to upgrade a bigger capacity than we would have done for residents." (Council)*

The TIF helped councils to address these systemic capacity constraints, relieving pressure on existing network infrastructure that was struggling to cope with tourism-driven demand spikes. Survey responses and case study interviews indicated that these projects improved destinations' ability to handle larger tourism volumes effectively. The investments enabled councils to move from reactive management of tourism pressures to proactive infrastructure that could sustainably accommodate visitor demand.

The TIF addressed specific infrastructure priorities but was insufficient to meet the full scope of tourism infrastructure needs

The emphasis on toilets, parking, and waste management systems was considered appropriate by most interviewees. These investments provided the foundation for sustainable tourism growth while responding directly to community concerns about the impacts of tourism.

> *"The toilets and rubbish bins, it's not glamourous but that is a major issue for us, because we would not need that infrastructure if it wasn't for the tourists using it." (RTO)*

However, while the TIF successfully addressed specific infrastructure priorities, the scale of funding was insufficient to meet the full scope of tourism infrastructure needs across New Zealand. This limitation was acknowledged across all stakeholder groups.

Evidence of unmet demand was apparent in several ways. MBIE data shows that every funding round was oversubscribed, with 490 applications submitted for 333 funded projects. A total of 47 applications were declined, and an additional 105 applications were deemed ineligible, suggesting broader demand for tourism infrastructure funding that extended beyond TIF's defined scope. Case study interviews also revealed ongoing infrastructure needs that councils could not address even after receiving TIF support.

The Fund's strategic targeting approach helped maximise impact within these resource constraints. The TIF used eligibility criteria including "annual visitor to rating unit ratio of more than five" and prioritised councils reaching "local government finance agency lending limits." This meant that resources were focused on smaller councils with the greatest need and least financial capacity, concentrating investment where the tourism infrastructure challenges were most acute relative to local funding ability.

However, some stakeholders emphasised that the time-limited, contestable nature of the funding created broader strategic challenges. While the TIF successfully addressed immediate infrastructure gaps, it did not resolve the underlying structural funding challenges that created those gaps in the first place.

> *"This approach is short-term and narrow in scope. One-off funding makes it difficult... renewing infrastructure without a long-term plan just shifts the funding challenge further down the line." (Key stakeholder)*

These findings suggest that while the TIF was appropriately scaled for its intended role as targeted intervention funding, the broader tourism infrastructure challenge requires ongoing funding mechanisms rather than one-off capital injections to achieve sustainable solutions.

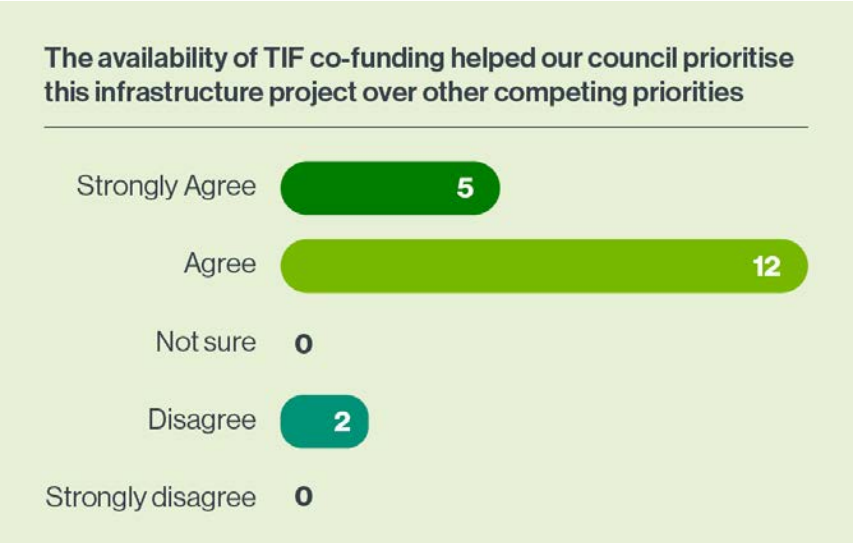
3.1.2 Effectiveness of co-funding model

The co-funding model involved MBIE and councils each providing 50% of the funding for tourism infrastructure projects. In later rounds, higher TIF contributions (between 75–95%) were available for cyclone and weather recovery projects. Analysis of TIF administrative data shows that across the total Fund, councils provided an average co-funding contribution of 47%.

The co-funding requirement served as an effective prioritisation mechanism for most councils

The evaluation found that the TIF's co-funding model was largely successful in helping councils prioritise their tourism infrastructure investments, with 17 out of 19 survey respondents to this question agreeing that the co-funding requirements acted as an effective prioritisation mechanism (Figure 2).

Figure 2: Survey respondent perceptions of TIF co-funding's role in project prioritisation



The survey findings were reinforced by council representatives who participated in the case studies. These participants highlighted how the co-funding model provided both financial incentive and community legitimacy to encourage councillors to prioritise tourism infrastructure projects. One council representative described how the co-funding arrangement created a compelling business case.

> *"Getting this co-funding really encouraged the Council to stump up with the half that was required, because it was a way better solution than what they could achieve on their own. The TIF was really significant in bringing it to the top of the list." (Council)*

The co-funding arrangement provided councils with the confidence to prioritise and initiate projects that might otherwise have been subject to lengthy internal debates about resource allocation. A council representative explained how TIF support streamlined their decision-making process:

> *"Getting the funding meant that we could just get stuck into the wastewater project, without having endless arguments about chopping little bits off to fund... having the funding there just gave everybody the confidence and we just got on with it and did it." (Council)*

The co-funding model also facilitated prioritisation by enhancing community acceptance of council spending on tourism infrastructure, thereby reducing political barriers to project delivery. The shared investment approach addressed community concerns about ratepayers bearing the full cost of tourism-related infrastructure. This enabled councils to prioritise tourism infrastructure projects with greater confidence, knowing they had community support to proceed.

> *"It made a huge difference really because what it meant was that we had... a much better licence with the community to actually spend the money. because it was seen that tourism was chipping in its share." (Council)*

The co-funding model unlocked infrastructure investments that would not otherwise proceed

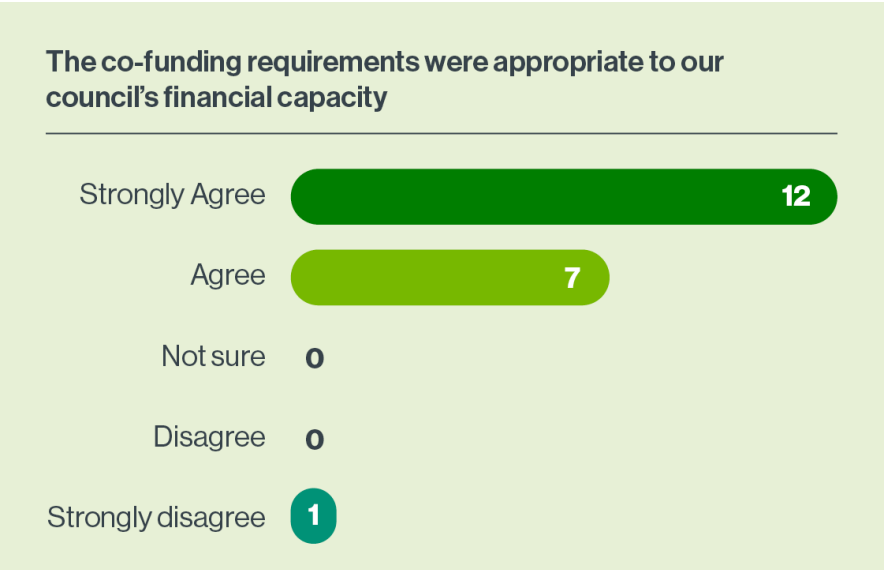
The evaluation found that the co-funding model was instrumental in enabling projects that councils would not have prioritised or pursued in the near term without external support. The co-funding mechanism unlocked projects that councils struggled to prioritise amid competing demands for limited resources. This included tourism infrastructure that might otherwise be deferred or dropped in favour of ratepayer-focused investments.

The co-funding approach also brought forward the timing of essential infrastructure projects. While some projects might have eventually been completed by councils independently, the co-funding incentive meant that infrastructure sitting on long-term plans (but consistently deferred when rates were tight) could be prioritised and delivered sooner.

The co-funding requirement aligned with councils' financial capacity.

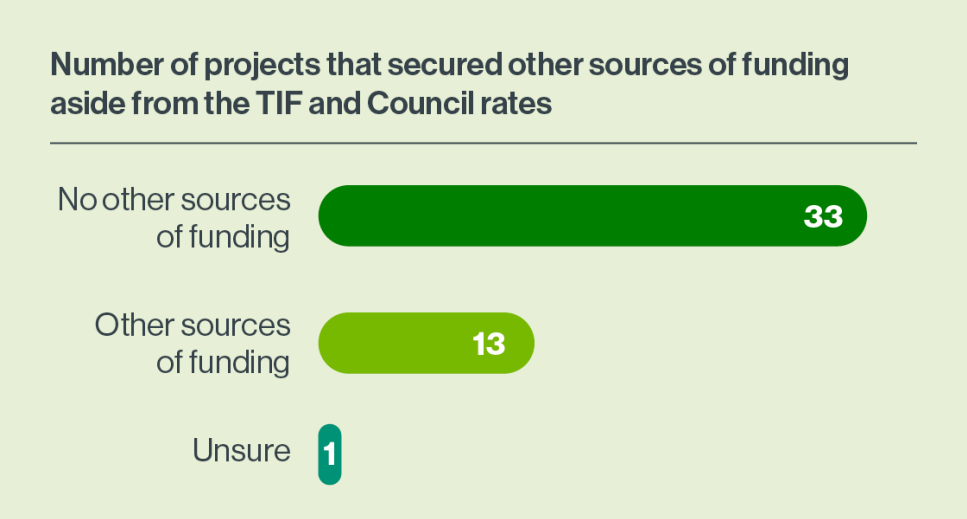
Survey results showed that nearly all councils that responded to the survey found the co-funding requirements appropriate to their financial capacity (Figure 3).

Figure 3: Survey respondents' views on appropriateness of co-funding requirements



Most councils relied primarily on their own resources to meet co-funding requirements. Of the 47 individual TIF-supported projects that councils reported on in the survey, 33 did not require additional external funding sources beyond the council's own contribution (Figure 4).

Figure 4: Number of projects that secured other funding sources



Some councils with limited financial capacity struggled to cover their portion of the project cost. Around 13 out of the 47 projects reported on in the survey included other funding sources, most commonly regional council funding and community fundraising, along with various other funding mechanisms including central government grants and bank borrowing (Table 1Table 4).

Table 4: Sources of project funding aside from the TIF and council rates

Funding source	N
Community fundraising	4
Regional council funding	3
Organisations such as NZ Motor Caravan Association	3
Bank borrowing/debt financing	1
Central government grants	1
User charges/fees	1
Iwi	1
Lotteries grant	1

Key informants acknowledged that the co-funding model was challenging for the smallest councils, particularly where visitor demand was high but the council had little ability to pay. In economically disadvantaged communities the requirement to match government funding created additional financial pressure on already stretched budgets.

While acknowledging the financial burden, these councils recognised that TIF provided justification for spending on infrastructure that might not directly benefit struggling residents. As one council representative noted, despite the difficulty, the requirement was manageable for most projects, and TIF helped provide a moral rationale for tourism-related spending.

Stakeholders consistently emphasised that the co-funding model's overall effectiveness in ensuring genuine project commitment outweighed the difficulties it created for some smaller councils.

These findings indicate that, overall, the fund struck an appropriate balance between requiring meaningful council investment while remaining accessible to councils with varying financial capabilities.

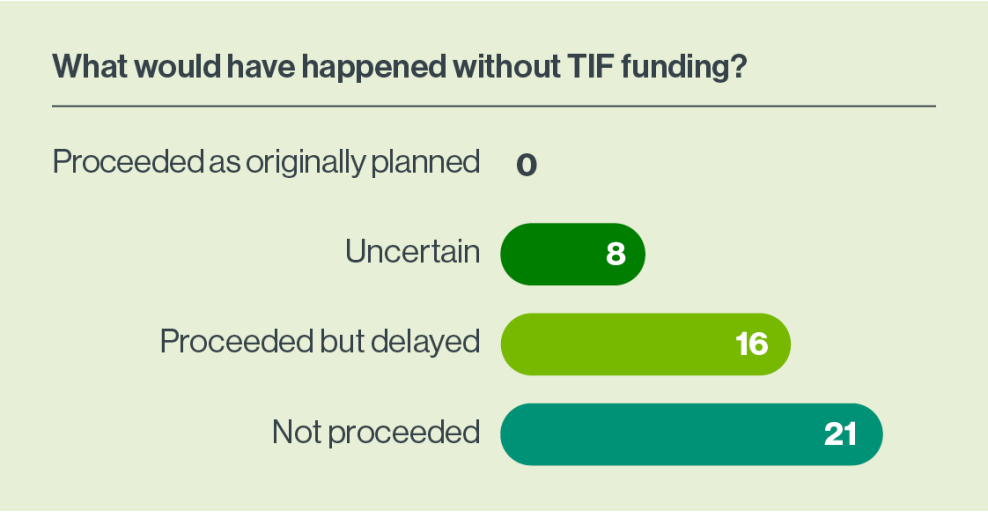
3.1.3 Additionality

The TIF demonstrated additionality across multiple dimensions

The evaluation findings show that while the TIF did not generally create new categories of infrastructure investment, it enabled the delivery of projects that likely would not have happened otherwise. It also achieved additionality through improvements in the timing, scope, and/or quality of projects that might eventually have proceeded.

Survey data from councils indicates that TIF funding created outcomes that would not have occurred otherwise. The survey asked what would have happened to the tourism infrastructure projects without TIF funding (Figure 5). As shown, councils reported that none of the projects reported on in the survey would have been able to proceed as originally planned in the absence of TIF funding,

Figure 5: Survey respondents' assessment of what would have happened to projects without TIF support



Nearly half (21 out of 45) of the TIF-funded projects councils reported on in the survey were fully additional[2], and would not have proceeded without TIF funding. Case study discussions indicated that the TIF did not generate new infrastructure projects that councils had not previously considered. Most projects that were funded represented infrastructure that councils

[2] **Full additionality** refers to projects that would not have happened at all without the funding intervention. These are entirely new outcomes that would not have occurred in the absence of the programme. In the TIF context, this means infrastructure projects that councils would have never undertaken without TIF support.

recognised they needed, but did not have the financial capacity to deliver. The survey results suggest that even when councils acknowledged a project was necessary, nearly half would not have been delivered without external funding support.

This pattern differed by project type. Further analysis of survey data shows that additionality was associated with discretionary visitor amenities such as toilet facilities, parking infrastructure, and recreational access improvements. These discretionary tourism amenities were dependent on external funding support and respondents were more likely to state that these would not have proceeded without the TIF.

> *"There was a toilet block, we would have taken it away [without TIF funding]. We would have just not provided that, and that would have been the only answer. So the TIF has been a huge value add." (Council)*

However, projects driven by regulatory compliance or public health obligations would have proceeded regardless of TIF funding. For example, one case study council stated that a water treatment plant project would have been required regardless due to compliance with drinking water standards.

This highlights that the TIF's additionality was most significant for discretionary tourism infrastructure that councils could not justify prioritising with limited local resources.

Temporal additionality was the most consistent form of impact

Beyond full project additionality the TIF demonstrated temporal additionality[3] by bringing forward the delivery of projects that councils needed but could not prioritise within existing budget constraints. As was shown in Figure 5, more than one-third (16 out of 45) of TIF-funded projects included in the survey would have been delayed without the funding. Councils reported that tourism infrastructure projects were regularly delayed when budget decisions were made.

Council representatives reported that TIF funding enabled elected members to accelerate long-discussed projects by addressing cost concerns that had previously delayed decisions.

> *"Offering this funding brought many projects forward — things sitting on long-term plans but always bumped when rates were tight." (Key stakeholder)*

This temporal effect was particularly important for tourism destinations, where infrastructure pressures were creating immediate community tensions that required urgent response.

The TIF enabled enhanced project scope and quality

The TIF also delivered scope and quality additionality, enabling councils to deliver higher-quality and more comprehensive solutions than would have been possible with rates funding alone. For example, one case study council stated that without TIF funding, they would have

[3] **Temporal additionality** refers to projects that would have eventually happened anyway, but occurred sooner because of the funding intervention. For the TIF, this means infrastructure that was on councils' long-term plans but would likely have been repeatedly deferred due to budget constraints.

needed to compromise on a wastewater treatment project design and pursue lower-cost alternatives that would not have achieved their intended environmental and user experience outcomes.

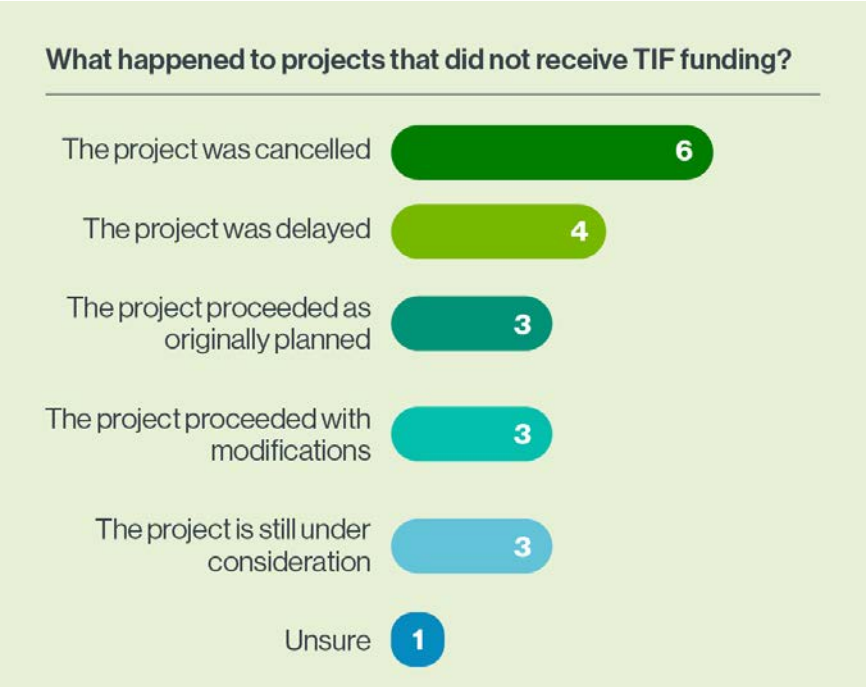
Similarly, another council stated that the TIF enabled them to implement comprehensive toilet and parking facilities that met user needs effectively, rather than delivering minimal interventions that only addressed immediate functional requirements. Without TIF support, they would have been limited to basic toilet blocks with poor lighting and ventilation, inadequate parking spaces, and minimal accessibility features. They noted that such compromised infrastructure would have resulted in suboptimal facilities that failed to provide a quality visitor experience, ultimately representing poor value for investment.

> *"I think there would have been a lot more compromises on the design... We would have been pushed to do something lower cost and not necessarily been able to achieve some of the outcomes that we set out to achieve." (Council)*

Unfunded projects faced significant delivery constraints, reinforcing additionality findings

Evidence of the TIF's additionality is strengthened by examining outcomes for projects that applied for, but did not receive, TIF funding. The survey data shows that councils were constrained in their ability to deliver tourism infrastructure independently. Councils reported on 20 projects for which TIF applications were denied (Figure 6). Among these projects, only 3 out of 20 proceeded as originally planned, indicating that while some councils possessed independent capacity for tourism infrastructure delivery, this represented a small minority of cases.

Figure 6: Outcomes of projects for which TIF applications were declined



As shown in Figure 6, the majority of unfunded projects that councils reported on in the survey encountered significant delivery constraints. Six projects were cancelled entirely, leaving underlying infrastructure pressures unresolved. Councils reported that cancelled projects resulted in ongoing operational challenges, including persistent parking congestion and restricted tourist access to attractions.

> *"Without the TIF funding, we just couldn't justify the expenditure to ratepayers. The parking issues at [location] are still causing problems three years later." (Council)*

Four of the 20 projects were delayed, with respondents indicating that the timeframe for delivery was pushed back between one and three years. These deferrals did not eliminate the underlying infrastructure need but extended the period during which councils and communities managed inadequate facilities and associated pressures.

Three projects proceeded with reduced scope or quality compared to original specifications. Councils reported compromising on location suitability, construction standards, or facility comprehensiveness to align projects with available funding. For example, one council reported that in the absence of TIF support they were unable to fund the required shoreline protection work in their original plan and had to change the location of freedom camping facilities to a less suitable location.

> *"We had to relocate the freedom camping area because we couldn't afford the coastal protection work that would have made our preferred site viable." (Council)*

The counterfactual evidence demonstrates that without TIF support, 17 out of the 20 tourism infrastructure projects described in the survey faced material constraints to delivery. Projects were cancelled, delayed, or delivered to lower specifications than required. This reinforces findings regarding the Fund's additionality: the TIF enabled infrastructure outcomes that councils could not otherwise achieve within acceptable timeframes or to necessary standards.

3.2 Achievement of intended policy outcomes

This section presents the evaluation findings to address KEQ2: To what extent did the TIF achieve its intended policy outcomes?

Council satisfaction with TIF outcomes provides an initial indicator of the Fund's success in delivering its intended benefits. The survey asked councils to rate their overall satisfaction with outcomes achieved through TIF funding in their regions. The results show uniformly positive responses, with all 20 responding councils reporting satisfaction with TIF outcomes.

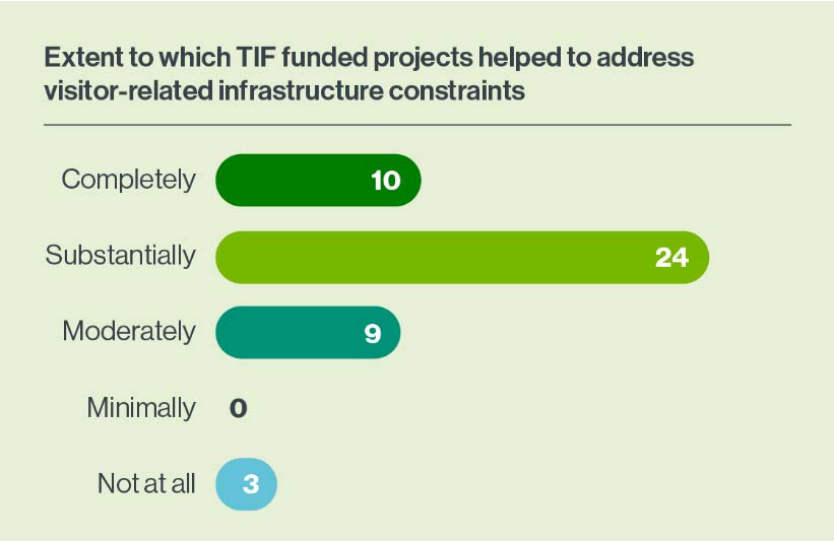
This high level of satisfaction suggests that councils perceived TIF as delivering meaningful benefits to their regions. The following sections examine the evidence for TIF's performance against each of its intended policy outcomes: mitigating tourism pressure on infrastructure, maintaining community support for tourism, and protecting New Zealand's tourism reputation.

3.2.1 Mitigation of tourism pressures

TIF infrastructure substantially addressed capacity constraints and tourism demand pressures

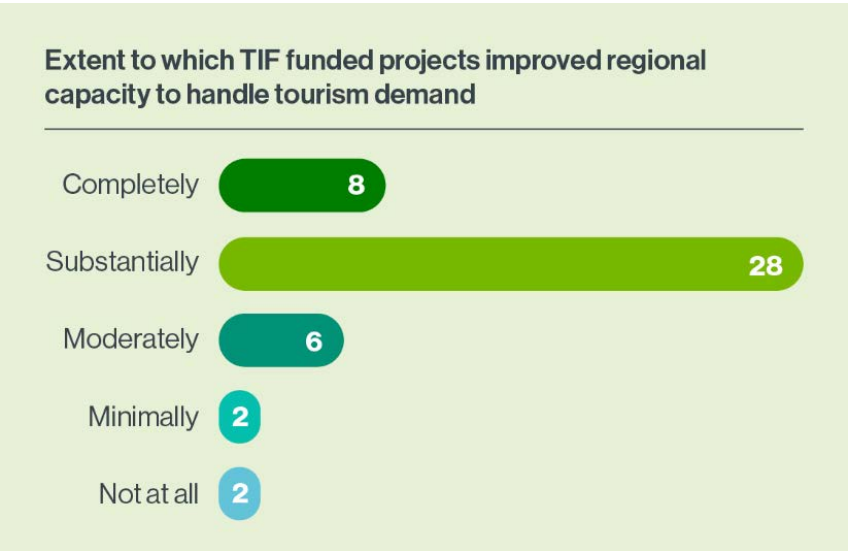
The evaluation found that TIF projects were effective in addressing visitor-related infrastructure constraints, with 34 out of 46 surveyed projects substantially or completely addressing these constraints (Figure 7). Only 3 of the 46 TIF projects included in the survey did not address infrastructure constraints at all, demonstrating the Fund's effectiveness in targeting pressure points within the tourism system.

Figure 7: Survey respondents' perceptions of how well TIF projects addressed infrastructure constraints



Reported impact on regional capacity to handle tourism demand was even stronger, with surveyed councils stating that 36 out of the 46 projects reported on substantially or completely improving their region's capacity to manage visitor flows and seasonal pressures (Figure 8).

Figure 8: Survey respondents' perceptions of how well TIF projects improved capacity to handle tourism demand



These self-reported results should be interpreted with caution, as councils may have incentives to present TIF outcomes favourably given their interest in securing future government funding for tourism infrastructure. The evaluation triangulated these survey responses with other evidence sources to validate findings.

TIF supported councils to deliver targeted solutions for specific tourism pressure points

Toilet and wastewater facilities were identified as a critical infrastructure constraint across tourism destinations. The TIF enabled councils to deliver projects to address visitor hygiene requirements and environmental protection by reducing waste disposal in natural environments while meeting demand in high-use locations. The evaluation found that sanitation infrastructure frequently addressed multiple pressure points simultaneously, combining capacity expansion with congestion relief.

> *"The toilets were always a pressure point. The old block was tucked into the middle of town, and with buses and cars all trying to stop there, parking became a real issue. With TIF we were able to build a new block, with more pans, and shift it slightly so it eased the parking problem as well." (Council)*

Similarly, freedom camping infrastructure provided improved management of camper movements while reducing inappropriate behaviours such as uncontrolled toileting and rubbish disposal. These facilities, including dump stations and ablution blocks, addressed both practical visitor needs and community concerns about unmanaged freedom camping impacts, helping to maintain community support for tourism development.

Infrastructure improvements in parking, lookouts, pull-over areas, and access routes delivered enhanced visitor flow management across various tourism contexts. These projects addressed congestion and access constraints that were limiting tourism operations while protecting community assets and sensitive environments. These improvements provided a mechanism for pressure redistribution, with councils using TIF infrastructure to create alternative focal points for visitor activity. Strategic facility placement enabled councils to redistribute tourism pressure away from constrained areas, particularly in heritage locations and high-use tourism sites.

> *"The heritage precinct was suffering from congestion. There's only so much capacity in those little laneways. The new riverside parking and toilets meant we could take that traffic away from the main street, which the community was really concerned about. It gives visitors somewhere obvious to go, and it protects the feel of the precinct." (Council)*

These targeted interventions demonstrate that TIF infrastructure addressed specific manifestations of tourism pressure rather than applying generic solutions, ensuring investments directly responded to the particular challenges facing individual destinations.

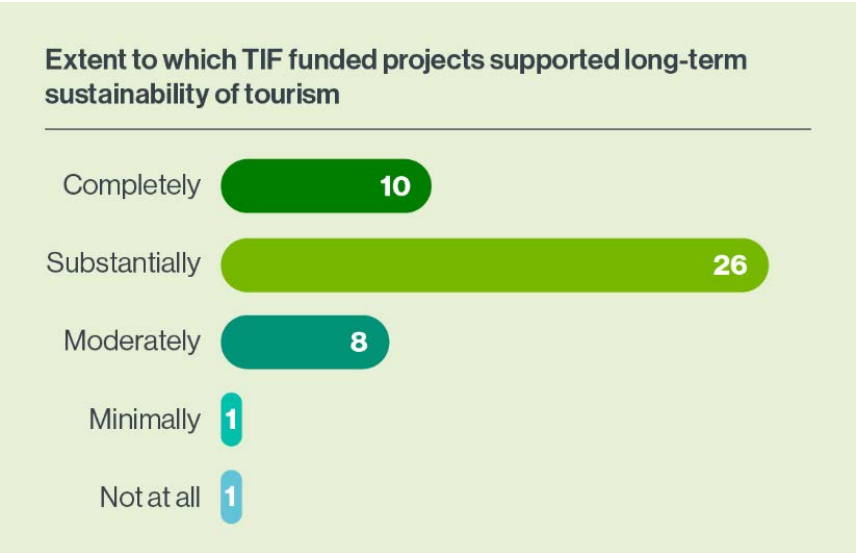
Supporting evidence from council usage data reinforces that TIF infrastructure addressed tourism pressure points. Usage monitoring from TIF-funded facilities demonstrates utilisation patterns consistent with tourism demand. For example, one council's TIF-funded toilet facility recorded over 6,000 visits in the first seven months of 2025, with seasonal variation reflecting

tourism flows. Similarly, visitor data from another council showed that 90% of tourists to their region visited a site where the TIF had funded toilet and parking facilities, indicating that the Fund successfully targeted locations with high visitor traffic. While this data represents a limited sample and does not provide before-and-after comparisons, it supports stakeholder reports that TIF infrastructure was addressing capacity constraints and was not creating underutilised facilities.

TIF projects supported long-term tourism sustainability, despite structural limitations

The survey findings indicate that TIF projects contributed to long-term tourism sustainability, with 36 out of 46 projects reported to substantially or completely support sustainability in their regions. This finding suggests that TIF infrastructure created foundations for sustainable tourism development rather than just addressing immediate capacity shortfalls.

Figure 9: Survey respondents' perceptions of how well TIF projects supported tourism sustainability



However, the evaluation also found structural limitations in the Fund's approach to addressing tourism pressures. The contestable, project-by-project funding model provided targeted relief but could not address underlying challenges such as inadequate regional revenue-raising capacity or the issue that councils must fund infrastructure that is primarily used by tourists, while the benefits of tourism are perceived to flow to central government and businesses.

> *"It addressed some pinch points, but because it was one-off and contestable, it didn't solve the structural problem." (Key stakeholder)*

These limitations reflect the complexity of tourism infrastructure challenges, whereby visitor impacts affect entire community systems (such as water supply, wastewater treatment, and roading networks) rather than being confined to tourist-specific facilities like toilets or car parks. This meant TIF's project-by-project approach could fund individual amenities but not address the broader system-wide capacity constraints that tourism growth creates. While the TIF funded some core infrastructure projects such as wastewater treatment upgrades, the contestable funding model could not address network-wide capacity issues such as upgrading roading networks or expanding water supply systems across multiple communities.

Despite these constraints, the evaluation found that TIF projects delivered essential relief for councils managing acute tourism pressure. The Fund's targeting of high-pressure destinations and critical infrastructure gaps enabled councils to address immediate constraints while building capacity for sustainable tourism growth. Council representatives reported that TIF infrastructure created the foundation for managing visitor flows more effectively, even where broader structural funding challenges remained unresolved.

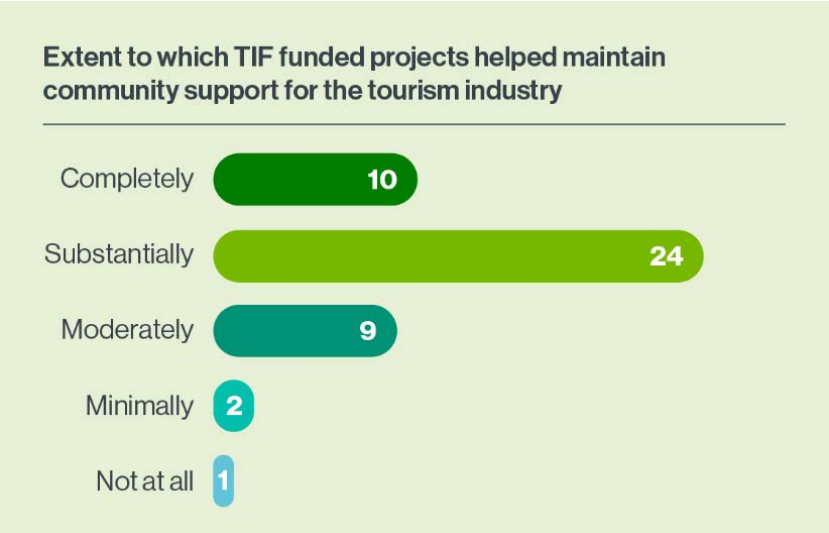
The sustainability outcomes reflect both TIF's achievements and limitations: while the Fund successfully addressed specific infrastructure bottlenecks constraining sustainable tourism development, comprehensive solutions to tourism pressure require broader structural reforms beyond individual infrastructure projects.

3.2.2 Maintenance of social licence

TIF projects maintained community support for tourism

The evaluation found evidence that TIF projects were effective in maintaining and strengthening community support for the tourism industry. Thirty-four out of 46 surveyed projects substantially or completely helped maintain community support for tourism, with only 3 projects having minimal or no impact on community support.

Figure 10: Survey respondents' perceptions of how well TIF projects maintained community support for tourism



TIF funded infrastructure mitigated negative tourism impacts in communities

Council case studies found that the absence of appropriate tourism infrastructure was a source of community tension. Issues included visitors using inappropriate locations for toileting (leading to toilet paper and waste in natural areas), buses and large vehicles parking in unsuitable locations that disrupted local traffic, and insufficient waste disposal facilities leading to litter and cleanliness problems in public spaces.

> *"If we don't provide toilets or proper parking places and toilet facilities, then they go and do it wherever they want to – and that has a major impact on the*

> *community. If you're going on a bushwalk and there's toilet paper around the place you soon object to tourism." (Council)*

TIF infrastructure addressed these issues by providing facilities that prevented negative tourism behaviours. Freedom camping infrastructure proved particularly effective in resolving community complaints about environmental contamination and inappropriate visitor conduct. Strategic facility placement also helped redistribute tourism pressure away from community spaces while accommodating visitor needs.

> *"The riverside parking took pressure off the main street, and that really reassured the community. They'd been worried about congestion spoiling the heritage precinct. Now they can see it works better for them too." (Council)*

The TIF demonstrated visible government investment in tourism-related infrastructure

The co-funding model's visibility was crucial for building community support. By showing government investment in addressing tourism-related infrastructure needs, the TIF helped communities see that tourism pressures were being recognised and resourced at a national level. This visibility was particularly important in high-tourism areas where residents experienced the negative impacts of visitor numbers but didn't always see corresponding investment. The tangible presence of TIF-funded infrastructure, with its visible government co-funding, made the connection between tourism growth and infrastructure investment more concrete and observable for communities.

Community acceptance often evolved as projects demonstrated their practical benefits, with initial scepticism giving way to support once communities experienced infrastructure improvements.

> *"At first people can be sceptical, but once the project is done and they see the benefits, the attitude changes." (Council)*

The TIF generated broader community amenity benefits

Some TIF projects delivered infrastructure improvements that directly benefited local residents in their daily lives. Examples included upgraded public toilets that residents could use, improved parking areas that served both visitors and locals, and enhanced waste management facilities that improved overall community cleanliness.

> *"I think about having gone from very few bins replaced by much more obvious bins to encourage cleanliness in the region... feelings of cleanliness and civic pride that's derived from improved facilities have a good roll on effect for the community." (Council)*

Some tourism businesses objected to infrastructure that competed with commercial services

However, the evaluation found that TIF projects occasionally generated opposition from tourism businesses who perceived publicly funded infrastructure as encroaching on their commercial operations. This was particularly evident with freedom camping facilities, where

campground operators and holiday home owners viewed improved public camping infrastructure as unfair competition subsidised by public funding.

> *"Some objections from tourism businesses, particularly where the TIF funded projects were seen to encroach on their patch... some of the businesses really objected to that, had a bit of a campaign against it." (RTO)*

These tensions highlighted the complexity of balancing public infrastructure provision with commercial tourism interests, particularly where TIF investments created or improved free alternatives to paid accommodation services.

In addition, stakeholders acknowledged that infrastructure provision alone has limitations in addressing deeper social licence challenges. More comprehensive approaches to sharing tourism economic benefits were identified as necessary for creating stronger foundations for long-term community support.

> *"Sharing the benefits of tourism with local communities through devolved funding tools would help. That's a much stronger social licence argument than saying: we got some money for a toilet block." (Key stakeholder)*

While stakeholders identified this need for broader benefit-sharing, the evaluation did not explore specific mechanisms for how such devolved funding tools would work in practice or how tourism businesses' economic contributions through employment and local procurement might be better recognised by communities.

3.2.3 Protection of tourism reputation

TIF projects improved visitor experiences across regions

The evaluation found that councils considered that TIF projects improved visitor experiences. Survey respondents reported that 38 out of 46 projects substantially or completely contributed to enhanced visitor experiences in their regions. Only one project reportedly had no impact on visitor experiences, indicating the TIF's effectiveness in addressing visitor service quality.

Figure 11: Survey respondents' perceptions of how well TIF projects improved visitor experiences

Tourism reputation is protected by preventing negative experiences

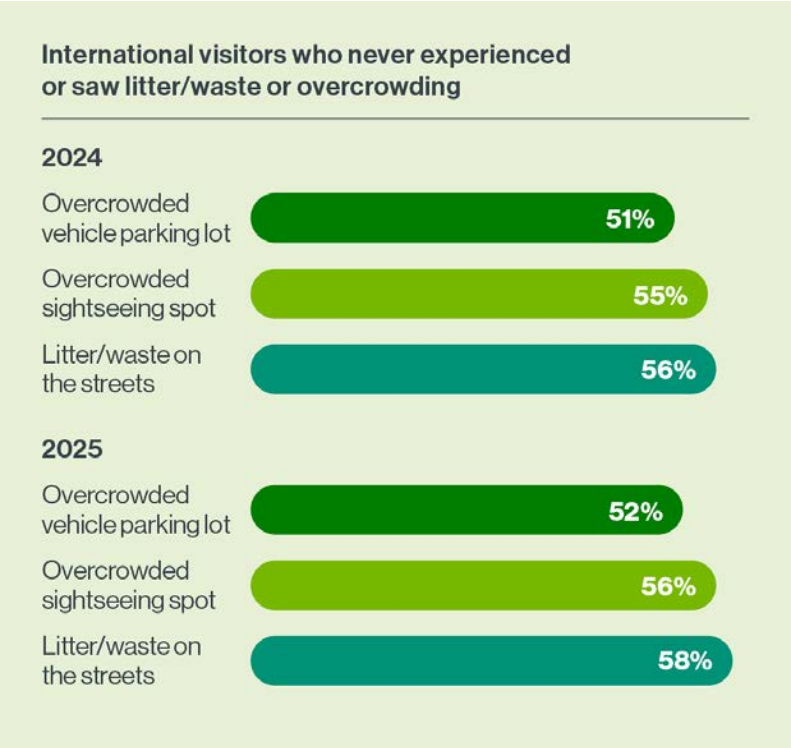
The TIF helped ensure that basic service standards were met by providing clean, functional toilets, car parks, and other essential visitor facilities. This foundational infrastructure is critical for maintaining New Zealand's tourism reputation and meeting visitor expectations. The TIF contribution to reputation lay primarily in preventing negative experiences rather than creating 'luxury' enhancements. Stakeholders described the funded infrastructure as practical and reputation-protecting rather than aspirational.

> *"The infrastructure funded was core. Nothing gold plated, but necessary. Visitors don't praise a toilet, but they notice if it's dirty or missing. Reputation is protected by avoiding negative experiences." (Key stakeholder)*

Poor facilities were seen as creating negative impressions that could damage visitor satisfaction and destination reputation, whereas appropriate facilities tended to be invisible, functioning as expected rather than standing out as exceptional.

Evidence from MBIE's International Visitor Survey (Figure 12) suggests that New Zealand has maintained relatively good performance in key infrastructure-related areas that could affect visitor experience. Between the years ending June 2024 and June 2025, over half of international visitors reported never experiencing problems with litter and waste on streets (56-58%), overcrowded sightseeing spots (55-56%), and overcrowded parking (51-52%). When visitors did experience these issues, they were typically occasional, with 39-42% experiencing problems 'sometimes' and only 2-8% reporting frequent problems ('most of the time' or 'always').

Figure 12: Percentage of International Visitor Survey respondents who never experienced litter/waste or overcrowding, years ending June 2024 and 2025



Infrastructure quality and availability met national tourism standards and visitor expectations

TIF projects enabled destinations to provide experiences consistent with New Zealand's tourism brand positioning.

> *"It's a national standard. To market New Zealand, we want to say 'you can come here, enjoy, have good facilities and spend your money because it's going to be worth it.'" (Tourism business)*

The evaluation found that TIF infrastructure enabled councils to provide experiences that met visitor expectations rather than merely addressing basic functional needs. Quality infrastructure was essential for creating the standard of experience that visitors expected from New Zealand destinations.

In some cases, quality infrastructure generated positive visitor feedback. Council representatives and tourism operators reported occasional recognition from visitors about local infrastructure such as the quality of toilets, including written feedback praising facility standards.

Evidence from the International Visitor Survey shows that New Zealand has maintained strong performance in public facility provision, with approximately 89% of international visitors rating the availability of public facilities as good or very good for the years ending June 2024 and June 2025 (Figure 13). It is not possible to determine how much the TIF contributed to this positive performance, as multiple factors influence visitor satisfaction with public facilities across New Zealand.

Figure 13: Percentage of international visitors rating availability of public facilities as good or very good, years ending June 2024 and 2025

Note: Data represents 12-month periods ending in June (financial year) as per MBIE's standard IVS reporting convention.

Enhanced accessibility benefited diverse visitor groups

TIF-funded projects particularly benefited specific visitor demographics and activity types. Infrastructure improvements were especially valuable for older visitors who prioritised comfort and accessibility, while also providing targeted amenities for specific user groups such as cyclists and walkers.

> *"We were able to deliver new footpaths and parking facilities…These improvements have significantly enhanced accessibility for both locals and visitors, making the area safer and more convenient to navigate." (Council)*

The evaluation found that accessibility improvements enhanced visitor experiences across diverse user groups, supporting New Zealand's reputation as an accessible tourism destination.

Ongoing maintenance is critical for sustaining reputation benefits

Infrastructure quality, combined with ongoing maintenance and servicing, is critical for sustaining visitor experience benefits. Case studies highlighted that clean, stocked, and well-maintained facilities are what visitors noticed and appreciated.

> *"Servicing is just as important as the capital build. Clean, stocked toilets matter more than just having a new block." (Key stakeholder)*

The evaluation found that even newly built infrastructure could undermine visitor satisfaction if not regularly cleaned or replenished, emphasising that TIF's reputation benefits required sustained operational commitment beyond initial infrastructure provision. The economic impact of this on councils is discussed in section 3.2.4.2.

3.2.4 Economic benefits and costs

Measuring economic outcomes presents methodological challenges

Directly measuring the economic outcomes of TIF-funded infrastructure projects is challenging. Councils that responded to the survey highlighted the complexity of directly attributing economic benefits to specific TIF projects, with respondents consistently stating they relied on anecdotal evidence rather than quantitative data. Key informant interviews confirmed the absence of systematic economic analysis frameworks for TIF projects.

The measurement challenges are compounded by several factors. Some projects are still in early stages, with infrastructure only recently completed, making comprehensive assessment premature. The indirect pathways through which infrastructure improvements generate economic benefits add to measurement complexity, as the causal relationships between investment and economic outcomes often involve multiple steps and time lags that are difficult to capture in traditional evaluation frameworks.

3.2.4.1 Economic benefits

Despite measurement challenges, the survey data found that councils recognised multiple forms of economic value from their TIF investments. Out of the 48 individual TIF-supported projects that councils reported on, 19 reported reduced service requests or complaints which may create financial savings (Table 5). Councils also reported direct economic outcomes, with 11 projects each reporting economic benefits for local businesses, job creation during construction and reduced ongoing maintenance costs.

Table 5: Benefits from TIF investments as reported by council survey respondents

Benefit	N
Reduced complaints/service requests	19
Job creation during construction	11
Economic benefits for local businesses	11
Reduced ongoing maintenance costs	11
Increased tourism revenue in the region	10
Too early to assess economic benefits	4
No economic benefits identified	1

While the survey highlights the types of benefits councils have observed, the wider evaluation evidence points to how these benefits are generated, with three main pathways emerging. Analysis of data from the survey, key informant interviews and case studies identified three distinct pathways through which TIF infrastructure generates economic benefits. These are discussed overleaf.

Pathway 1: Better facilities → Extended visitor dwell time → Increased local business spending

The evaluation found evidence that TIF infrastructure contributed to local economic benefits by encouraging visitors to stop for longer and spend money in local communities. This pathway was particularly evident in locations along major transport routes, where improved facilities encouraged tourists, truck drivers and other motorists to stop and spend money. Evaluation participants highlighted how clean, well-lit, and safe facilities make locations more attractive to stop in, which in turn increases the likelihood that travellers will visit local businesses while there.

> *"Really good public facilities are going to drive the greater desire or comfort to stop. And maybe if you do, you might go to the Four Square or you might go to the bakery." (RTO)*

Survey results reinforced this pathway, with councils reporting tangible business impacts such as higher foot traffic in local retail areas, increased patronage at campgrounds, and stronger flows of visitors through small towns.

> *"We didn't do formal economic analysis. But common sense says that if you have better infrastructure, visitors are more likely to have a good experience and stay longer. That has to feed into spending." (Key stakeholder)*

Case studies provided direct examples of this link between amenities and business outcomes. For example, a tourism business operator stated that the installation of a TIF-funded toilet had been a catalyst for growth of their café and gift shop, with the new facility making the stop more appealing to visitors.

While robust quantitative data on dwell time and local spending was sparse, one council provided data showing increased dwell time in their district following infrastructure improvements, and another showed increased foot-traffic at local shops and more patronage at camp sites post-TIF funded improvements.

This indicates that the TIF may have contributed to flow-on effects beyond basic amenity provision, and may support the resilience of local economies.

Pathway 2: Improved infrastructure → Visitor satisfaction → Repeat visitation and recommendations

This pathway operates through word-of-mouth promotion and return visits generated by positive visitor experiences. Key informants emphasised that the TIF was not intended to stimulate economic benefits by providing visitor attractions, but rather to improve the experience of visitors. When visitors have a good experience, they are more likely to tell others about the destination and return themselves, which creates longer-term economic benefits.

> *"People don't decide to visit because of a toilet block. What it does is shape their experience. They're more likely to recommend the place to others, which feeds into longer-term economic activity." (Key stakeholder)*

A small number of open text survey responses indicated that TIF infrastructure improvements were generating positive word-of-mouth promotion for destinations. This included tourism operators incorporating upgraded facilities into their marketing and visitors sharing positive experiences through online reviews and personal recommendations. This organic promotion enhances destinations' appeal and creates valuable marketing reach that would be costly to achieve through traditional advertising channels.

> *"We don't advertise the toilet block in our brochures, but when visitors see modern, clean facilities, it contributes to their perception of [town]." (Tourism business)*

This enhanced reputation may create a foundation for sustainable long-term economic growth by improving destination competitiveness and appeal to visitors. However, direct evidence of this economic benefit was not available to the evaluation.

Pathway 3: Better facilities → Increased capacity → More visitors

The third economic benefit pathway involves TIF infrastructure increasing destinations' capacity to accommodate visitors and handle tourism growth. Several councils reported growth in tourist arrivals post-COVID, with evaluation participants reporting that infrastructure improvements enhanced destinations' ability to handle larger numbers of tourists effectively.

This capacity enhancement was particularly highlighted at camping grounds and freedom camping sites, which are now better positioned to accommodate tourism recovery. The improved infrastructure has enabled these facilities to handle larger visitor numbers more effectively, with council-provided data showing that some sites are now consistently reaching full capacity during peak periods.

While these changes cannot be directly attributed to TIF, some survey participants noted that growth in visitor activity is creating demand for additional services across the tourism sector. Some regions identified needs for more accommodation options and increased staffing to meet demand, while others reported that local businesses are expanding their operations or extending their opening hours to serve the increased visitor numbers. However, multiple factors contribute to tourism growth beyond infrastructure improvements, including broader post-COVID recovery patterns, marketing efforts, and changing visitor preferences.

Case studies indicated that TIF infrastructure may support broader economic ecosystems in tourism-dependent communities. For example, some council representatives noted that many local services, including supermarkets, healthcare providers, and tradespeople, depend on tourist numbers to remain commercially viable. Where TIF infrastructure helps attract or accommodate visitors, it potentially contributes to sustaining these broader economic activities, though isolating TIF's specific contribution is not possible given the multiple factors influencing tourism patterns and economic activity.

3.2.4.2 Economic costs

Capital-only funding left operational expenditure as an ongoing council burden

While capital-only funding represents standard practice for most infrastructure grants, councils considered this a practical limitation of the TIF model, leaving operational expenditure as a long-term responsibility for councils. This limitation was also acknowledged by MBIE representatives. While the capital funding was valued and helped councils build necessary infrastructure, maintaining, cleaning, and servicing facilities is ongoing and expensive. The TIF provided limited operational support in some circumstances, with two years of operating expenditure assistance available for new infrastructure. After this period, councils were responsible for all ongoing costs.

> *"Operating costs remain the elephant in the room. Councils can build facilities, but maintaining and cleaning them is ongoing and expensive. TIF was capital-only, so OPEX stayed a council obligation. That's still unresolved." (Key stakeholder)*

The evaluation found that the need to cover operational expenditure created practical challenges for councils, with different types of facilities creating varying cost burdens. Toilet facilities and dump sites generated the most significant ongoing costs, with councils frequently highlighting cleaning, maintenance, vandalism repairs, and waste tank emptying as major burdens falling on local ratepayers.

> *"The most significant negative outcome for the community is the funding of the ongoing operating costs of these facilities. The biggest cost by far is cleaning followed by maintenance which is often vandalism related." (Council)*

The operational cost burden was particularly challenging for remote facilities, where councils noted the inefficiency of travel time often exceeding the actual time required to service the facility. For example, one council provided data showing that while the actual cleaning cost on

site was only $3,120 per annum, an additional $9,996 was incurred for staff travel time and vehicle costs, which they noted made a routine weekly clean disproportionately expensive.

The capital-only approach was reported to create ongoing equity and acceptability concerns for local ratepayers, who bear long-term costs for facilities that primarily serve tourists rather than local residents. This returned to the fundamental structural issue that TIF was designed to address: local ratepayers covering costs for tourism-related infrastructure.

> *"We've got ongoing maintenance contributions for these facilities, which is still paid for by the people who can't really afford it" (Council)*

Council representatives noted that the ongoing costs of certain infrastructure types were more acceptable to ratepayers than others. Infrastructure that integrated with existing community services, such as wastewater systems, generated less resistance than facilities exclusively serving tourists.

> *"Whatever happened, the community was going to have some ongoing cost for wastewater anyway, so they probably don't really notice it." (Council)*

However, servicing costs for freedom camping sites proved much less palatable to local communities, particularly where facilities primarily served transient visitors who were perceived to offer limited local economic benefit.

Council representatives and key informants emphasised the need for more comprehensive operational planning in infrastructure development, stating that funding decisions should incorporate long-term sustainability considerations.

> *"Councils need a full understanding and have the ongoing budget and support to be able to operate any new infrastructure at an optimal level." (Council)*

3.2.5 Spillover benefits

The evaluation found that TIF projects generated some spillover benefits that extended beyond their primary tourism infrastructure purpose (Table 6). Survey data revealed that only one project reported no significant spillover benefits, demonstrating the widespread additional value created by TIF investments. The most commonly reported spillover benefits were improved amenities for local residents (20 projects), improved accessibility for people with disabilities (17 projects), and positive environmental outcomes (16 projects).

Table 6: Spillover benefits from TIF investments as reported by council survey respondents

Spillover benefit	N
Improved amenities for local residents	20
Improved accessibility for people with disabilities	17
Positive environmental outcomes	16
Enhanced capacity for community events	12
Reduced maintenance burden on council	8
Enhanced safety/security in the area	8
No significant spillover benefits	1

Environmental protection and improved visitor management

Survey responses indicated that TIF projects delivered environmental benefits through infrastructure upgrades and improved visitor management. Respondents reported that upgrading infrastructure to more eco-friendly options increased capacity, lowered costs, and reduced impacts on sensitive environments.

Survey responses indicated that better visitor management through improved infrastructure reduced pressure on sensitive environmental areas while guiding visitor movement more effectively. Environmental outcomes included reduced waste and pollution, improved wastewater management, road sealing reducing dust and erosion, and projects linked to conservation efforts.

> *"There has been a significant environmental benefit which the community could not fund on its own. Visitors were a significant contributor to wastewater issues and the financial contribution from the fund was seen by the community as a real and positive benefit from tourism." (Council)*

Some projects addressed environmental issues that affected both tourism and local communities. One council demonstrated how TIF funding resolved dust problems created by tourism traffic that was affecting local residents.

> *"There's a whole lot of baches on that road getting upset about dust kicked up by the traffic going in and out of the DOC campground. And so we got some TIF money to seal that road and the problems disappeared." (Council)*

Enhanced community pride

The evaluation found that TIF projects generated community pride and elevated service standards beyond their tourism function. Survey respondents and case study participants reported that some TIF projects received widespread community appreciation and gave communities a sense of pride in their local facilities.

> *"The new public conveniences have had some fabulous compliments and given the community a sense of pride." (Tourism business)*

Council representatives described how quality infrastructure contributed to community confidence, creating assets that residents could take pride in when showing visitors around their area.

> *"There's a lot of pride that comes out of having good quality assets and things that you can be proud of. And when someone turns up and says, what can I do here today? And you say, go and do this, we'll go and do that and we'll go down and see this thing or we'll go and jump on the swing bridge." (Council)*

One council reported that TIF projects helped support community voluntary efforts, with infrastructure improvements enabling broader community-led conservation and development activities.

> *"It has opened up visitor access to a DOC reserve... unlocking community voluntary effort to create walking tracks, trapping pest species and enhancing the sustainability of the reserve." (Council)*

Unintended consequences required ongoing management

The evaluation identified some unintended negative consequences that required ongoing council management. Some councils faced issues with homeless communities moving into facilities or long-term stays by people living in vehicles at freedom camping sites. These situations created management challenges and unintended uses that required ongoing council intervention.

> *"The greatest challenge of the project has been the long-term stays by people who live in vehicles, which does not align with our bylaw."* (Council)

In some cases, these unintended uses led to facility closures, with one council reporting that an area was "eventually shut down on health and safety grounds" due to inappropriate use of the infrastructure.

3.3 Future tourism infrastructure funding

This section presents the evaluation findings that address part of KEQ3: What lessons from the TIF can inform future tourism infrastructure funding approaches?

It focuses on the tourism infrastructure requirements that remain unaddressed and councils' preferences for future funding models. Broader lessons learned and considerations for future tourism infrastructure funding are discussed in the conclusion.

3.3.1 Tourism infrastructure requirements that remain unaddressed

Unmet tourism infrastructure demand persists

The evaluation found evidence of continued tourism infrastructure needs across regions, with 19 out of 20 councils reporting additional tourism infrastructure requirements that remain

unaddressed. Only one council indicated that all their tourism infrastructure needs had been met, demonstrating the scale of ongoing demand relative to TIF's capacity to address it.

The most pressing unaddressed needs were public toilet facilities (14 councils), signage (12 councils), and additional car parking and water/wastewater infrastructure (10 councils each). Waste management facilities were identified by 8 councils, transportation infrastructure by 7 councils, and visitor information services by 5 councils as ongoing requirements.

Table 7: Number of council survey respondents who identified tourism infrastructure needs by infrastructure type

Tourism infrastructure need	N
Public toilet facilities	14
Signage	12
Additional car parking	10
Water and wastewater infrastructure	10
Waste management facilities	8
Transportation infrastructure	7
Visitor information services	5
Other	3

Council case studies indicated that unmet demand spans both essential services and higher-cost infrastructure. Councils described ongoing pressure on facilities during peak visitor periods, including summer holiday surges, and noted that funding constraints had limited their ability to address these needs. Smaller-scale improvements, such as minor road sealing or car parking upgrades, were contrasted with larger investments like new toilet blocks or water supply upgrades, reflecting the range of unmet infrastructure requirements.

> *"We have some roading and carparking needs. They scale from $20,000 to seal an area and make it slightly more appealing for drivers to stay the night, to $300,000 for toilet blocks and car parking and actually catering properly for visitors." (Council)*

The evaluation found strong council interest in accessing similar tourism infrastructure funding in the future, with all survey respondents indicating they would apply for comparable funding if it became available. This included 17 out of 19 who responded "definitely yes" and two who responded "probably yes" to future participation.

3.3.2 Focus on future funding

Small-scale infrastructure remains most councils' highest priority

The evaluation found that councils prioritised small-scale infrastructure improvements over larger strategic projects for future funding, with 12 out of 19 survey respondents identifying small-scale infrastructure such as car parks, toilets and rubbish facilities as their highest priority compared to seven preferring larger-scale strategic projects like wastewater schemes and visitor facility developments (Figure 14).

Figure 14: Survey respondents' highest priority type of tourism infrastructure

Case studies highlighted that small-scale infrastructure is seen as essential for day-to-day visitor experience and for maintaining community support, while larger strategic investments were recognised as important for attracting visitors, extending their stay, and increasing economic yield. Councils noted that balancing these priorities is often influenced by local context, with different districts at varying stages of tourism development.

> *"Small scale. We've still got an unmet need for more toilets." (Council)*

> *"My preference would be to see it shift to those larger product investments… But part of the fund could be reserved for small-scale infrastructure, with a contestable portion for larger projects, reflecting the different needs across districts." (Council)*

Councils favoured predictable, locally responsive funding over one-off contestable grants

The evaluation explored preferences for future funding models, with interview participants and councils reflecting on the strengths and limitations of both centralised and devolved approaches.

Contestable, one-off funding rounds like TIF were commonly described as resource-intensive, creating uncertainty and limiting councils' ability to make long-term infrastructure decisions. A small number of participants suggested that more sustainable approaches could involve devolved funding tools, such as bed taxes or targeted rates on short-term rentals, which would align funding with visitor demand and support social licence.

Across the interviews, the majority of councils emphasised the importance of centralised oversight to ensure funding decisions were made consistently and based on merit.

> *"I think some sort of centralisation is important because it means that somebody's looking across everything that's applied for and saying here is merit rather than us saying, 'Oh well, we've raised this much tax revenue. So we're gonna spend it.'" (Council)*

At the same time, councils recognised the potential for locally responsive revenue mechanisms, such as bed taxes, where administration and scale make them practical. However, concerns were raised about administrative complexity, especially for smaller councils.

> *"Bed taxes are a good idea for some councils like Queenstown. For us [it would be] really difficult to administer as we're a small council." (Council)*

This suggests that while no single model fits all contexts, combining central oversight with predictable, locally responsive funding streams could support more sustainable and strategic investment in tourism infrastructure.

4 Conclusions and recommendations

4.1 Conclusions against the evaluation criteria

The evaluation found that the TIF was relevant in addressing a gap in tourism infrastructure funding. Councils consistently reported that existing funding mechanisms were insufficient to meet growing visitor pressures, particularly for facilities like toilets, parking, and waste management. The Fund directly responded to this need by easing pressure on local ratepayers and enabling investment in infrastructure that was widely viewed as necessary but unaffordable through local resources alone.

The TIF supported councils to deliver infrastructure that improved visitor experiences, reduced community tensions, and generated wider benefits for local economies, communities, and environments. The Fund demonstrated strong additionality; without TIF support, many projects would not have proceeded or would have been delayed, downsized, or delivered to lower standards. Its impact was most pronounced in discretionary tourism infrastructure, such as public toilets, parking facilities, and recreational access improvements, where councils often lacked the financial capacity and community support to act independently.

The evaluation found that the TIF made a material contribution to addressing tourism-related pressures and strengthening the foundations for sustainable tourism growth. It also contributed to maintaining social licence, improving visitor experiences, and generating spillover benefits for local communities, including enhanced accessibility, environmental protection, and community pride. Councils consistently reported high satisfaction with outcomes, with all survey respondents indicating that the Fund delivered meaningful benefits to their regions.

Despite these successes, the TIF faced several structural and operational limitations. The Fund's capital-only approach imposed a long-term operational and maintenance burden on councils, which was particularly acute for facilities serving transient tourists, such as freedom camping sites. Measuring the economic impact of TIF investments was challenging due to the indirect and long-term pathways through which infrastructure contributes to local economies, compounded by limited systematic data collection.

In addition, its contestable, one-off funding model restricted councils' ability to plan strategically and address network-wide tourism infrastructure challenges, leaving ongoing unmet needs, particularly for essential services and larger-scale projects.

Overall, the evaluation shows that the TIF played a critical role in enabling councils to deliver infrastructure they could not otherwise have achieved, and demonstrated the value of targeted central government support for local infrastructure. The findings highlight both the effectiveness of the TIF and the importance of building on its lessons to shape future tourism infrastructure funding approaches. Specific judgements in relation to the evaluation criteria are provided overleaf.

Impact on infrastructure capacity

The evaluation evidence shows that the TIF made a strong contribution to improving infrastructure capacity in regions with high tourism demand and limited local funding ability.

Highly effective *Effective* *Partially effective* *Minimally effective*	Based on these findings, the evaluation has assessed the TIF impact on infrastructure capacity as **effective**. The Fund delivered good increases in capacity with meaningful improvements in addressing tourism pressures, though some constraints remain unresolved.

- Councils reported that the TIF enabled them to rehabilitate and modernise infrastructure that had experienced chronic underinvestment, particularly toilet and sanitation facilities.
- The Fund allowed councils to scale infrastructure to meet seasonal visitor demand that far exceeded resident populations, easing pressure on wastewater, water, and parking systems.
- Central government support meant councils could build higher-quality facilities than otherwise possible, enhancing visitor experience rather than just providing basic functionality.
- Survey data indicated near-unanimous agreement that the infrastructure types supported by TIF matched council needs.
- While the Fund alleviated immediate pressures, it did not resolve the underlying structural funding challenges that drive persistent infrastructure shortfalls.
- Unmet demand persisted throughout the Fund's operation, with some systemic capacity constraints (particularly wastewater treatment) only partially addressed.

Effectiveness of co-funding model

The evaluation found that the TIF's co-funding approach successfully encouraged councils to prioritise infrastructure projects, leveraging central government support to enhance local investment impact.

Highly effective *Effective* *Partially effective* *Minimally effective*	Based on these findings, the evaluation has assessed the TIF co-funding model as **highly effective.** The co-funding approach successfully drove council commitment, enabled prioritisation of tourism infrastructure projects, and ensured strong project ownership.

- Councils stated that TIF co-funding acted as an effective prioritisation mechanism, helping projects move up the internal agenda and start sooner than they otherwise would have.
- The model provided both financial incentive and community legitimacy, giving councils confidence to invest in projects that might otherwise have been deferred or abandoned.
- Survey and case study evidence showed councils largely met co-funding requirements from their own resources, demonstrating genuine commitment.

- Some smaller councils experienced financial pressure, particularly where visitor demand was high but resources were limited; however, these challenges were manageable and outweighed by the benefits of co-funding.
- The shared investment approach reduced political and community barriers, providing a "moral rationale" for tourism-related spending and enhancing overall project ownership.

Additionality

Evidence indicates that the TIF enabled projects that councils would have struggled to deliver independently, advancing both the timing and quality of tourism infrastructure.

Highly effective *Effective* *Partially effective* *Minimally effective*	Based on the evaluation evidence, the TIF is assessed as **effective** in demonstrating additionality. There is evidence that it enabled projects that would not otherwise have proceeded, or that would have been delivered later, at smaller scale, or to a lower standard.

- Of the projects that councils reported on in the survey, nearly half would not have proceeded without funding, highlighting strong full additionality.
- Of the projects that councils reported on in the survey, over one-third were brought forward, addressing urgent infrastructure pressures.
- The TIF enabled higher-quality, more comprehensive facilities than would have been possible with local funding alone.
- Additionality was most pronounced for discretionary tourism infrastructure, such as toilets, parking, and recreational amenities.
- Counterfactual evidence from unfunded projects shows most faced cancellation, delay, or reduced quality, reinforcing the Fund's critical enabling role.
- Projects driven by regulatory compliance or public health requirements would have proceeded without TIF, so additionality was limited in these cases.
- Some funded projects faced constraints, such as partial delivery or ongoing operational challenges, meaning additionality was not absolute.

Mitigation of tourism pressures

The TIF contributed to reducing pressures on key visitor infrastructure, helping councils manage high-demand tourism sites and minimise negative impacts on communities and visitors.

Highly effective *Effective* *Partially effective* *Minimally effective*	The evaluation has assessed TIF's mitigation of tourism pressures as **effective**. The Fund delivered good reductions in tourism-related infrastructure pressures, with improvements in regional tourism capacity, though some structural challenges remain unresolved.

- Of the projects that councils reported on in the survey, most substantially or completely addressed visitor-related infrastructure constraints and improved regional capacity to manage tourism demand and seasonal pressures.
- Upgrades to critical infrastructure such as toilets, wastewater facilities, parking, and access routes helped relieve congestion and redistribute visitor flows.
- Projects contributed to long-term tourism sustainability by creating a foundation for better management of visitor flows.
- The contestable, project-by-project funding model limited TIF's ability to address underlying structural challenges, such as network-wide capacity constraints, inadequate regional revenue-raising, and system-wide infrastructure shortfalls.
- Some systemic pressures persisted despite TIF investment, meaning that while acute constraints were alleviated, broader structural solutions remain necessary.

Maintenance of social licence for tourism

TIF-supported infrastructure helped councils maintain community support for tourism by addressing visible pressures and improving local amenities, reinforcing the social licence for ongoing visitor activity.

Highly effective *Effective* *Partially effective* *Minimally effective*	The evaluation has assessed TIF's contribution to maintaining social licence as **effective**. The Fund supported community acceptance of tourism by addressing negative impacts and demonstrating tangible government investment, though some tensions and structural limitations persisted.

- Of the projects that councils reported on in the survey, most substantially or completely maintained community support for tourism.
- Infrastructure improvements, including toilets, parking, and freedom camping facilities, mitigated negative visitor behaviours and reduced community tensions.
- Strategic placement of facilities redistributed tourism pressure away from sensitive community areas while accommodating visitor needs.
- Visible government investment through co-funding reinforced the connection between tourism and infrastructure improvements, helping communities see tangible benefits.
- Opposition occasionally rose from tourism businesses perceiving publicly funded infrastructure as competitive with commercial services, highlighting potential conflicts of interest.
- Infrastructure provision alone did not fully address deeper social licence challenges, with stakeholders noting that broader sharing of tourism economic benefits is needed to strengthen long-term community support.

Protection of New Zealand's tourism reputation

TIF investments likely contributed to protecting New Zealand's tourism reputation by ensuring visitors experienced reliable, high-quality infrastructure, preventing negative impressions and supporting visitor satisfaction.

Highly effective *Effective* *Partially effective* *Minimally effective*	The evaluation has assessed TIF's contribution to protecting New Zealand's tourism reputation as **effective**. The Fund supported positive visitor experiences and ensured that core infrastructure met the required standards, though the direct contribution to reputation improvements is difficult to isolate.

- TIF infrastructure ensured basic service standards, such as clean toilets, parking, and visitor facilities, preventing negative experiences that could harm New Zealand's tourism reputation.
- Infrastructure enabled destinations to meet visitor expectations consistent with New Zealand's brand, with occasional positive feedback from visitors on facility quality.
- Ongoing maintenance and servicing are critical to sustaining benefits, as even newly built infrastructure could undermine visitor satisfaction if not properly maintained.
- TIF primarily prevented negative experiences rather than creating enhancements, highlighting that infrastructure alone cannot fully drive reputation improvements without operational and broader systemic support.

4.2 Lessons for future tourism infrastructure funding approaches

The evaluation findings suggest that future tourism infrastructure funding should be designed to address the persistent challenge of providing high-quality infrastructure in destinations where visitor demand exceeds local funding capacity. A lesson is that targeted, strategically prioritised investment can deliver benefits when aligned with the most pressing infrastructure needs. Small-scale, high-impact projects (such as public toilets, parking, waste management, and accessible facilities) remain essential for supporting positive visitor experiences and maintaining community support. At the same time, provision for larger strategic projects, such as water and wastewater upgrades or visitor hubs, should be incorporated to enable sustainable growth and longer-term tourism development.

Funding approaches that leverage co-investment or local contributions can enhance project prioritisation and resource efficiency. Requiring a degree of local input encourages councils or local authorities to focus on projects that are both necessary and feasible, while central oversight ensures consistency, fairness, and alignment with broader tourism objectives. Flexibility in contribution levels, particularly in regions with limited fiscal capacity, can help ensure that high-need projects are not excluded due to funding constraints.

An important consideration for future funding is the ongoing operational sustainability of infrastructure. Arrangement for the funding of long-term maintenance, cleaning, and servicing requirements must be planned to ensure that infrastructure continues to deliver benefits over time. Sustainable funding mechanisms, such as devolved revenue streams aligned with visitor use, or integrated operational support, could help balance the cost burden between residents and the tourism industry, while reinforcing social licence.

Future investment should also emphasise infrastructure that mitigates negative impacts of tourism and supports social licence. Facilities that reduce overcrowding, protect sensitive

environments, and improve accessibility for diverse visitor groups generate both economic and community benefits. Beyond functional provision, infrastructure that is visible and well-maintained can enhance community confidence, support positive visitor experiences, and foster broader amenity and environmental benefits.

Finally, future funding models should balance predictability and local responsiveness. While central oversight ensures consistent, merit-based allocation of resources, locally responsive mechanism, such as targeted rates or visitor levies, can provide sustainable, ongoing revenue that aligns with visitor demand and regional priorities. Combining these approaches may be useful to create a strategic, resilient framework for tourism infrastructure investment that supports both immediate needs and long-term growth.

4.3 Recommendations

Based on the findings described in this report, the evaluation makes the following recommendations for future tourism infrastructure funding:

1. **Target high-impact infrastructure**: Prioritise funding for small- and medium-scale projects that address immediate visitor needs and community concerns, such as public toilets, parking, waste management, signage, and accessible facilities, while maintaining provision for larger strategic investments where required.

2. **Incorporate co-funding:** Use co-investment models to leverage local contributions, encourage prioritisation of necessary projects, and ensure alignment with regional needs, while maintaining central oversight for consistency and merit-based allocation.

3. **Plan for long-term operational sustainability:** ensure funding mechanisms account for ongoing maintenance, cleaning, and servicing costs to sustain infrastructure benefits and reduce financial pressure on local communities.

4. **Target economic benefits:** Focus investments on infrastructure that enhances the overall visitor experience, extends dwell time, and increases capacity, recognising the indirect pathways through which infrastructure supports local economic growth.

5. **Combine predictable and locally responsive funding:** Deliver funding approaches that balance central oversight with locally responsive mechanisms (e.g., visitor charges, targeted rates) to provide predictable, sustainable resources aligned with visitor demand.

Appendix A: KEQs, criteria, areas of investigation

KEQs	Criteria	Areas of investigation
1. To what extent was the TIF effective in delivering tourism infrastructure solutions?	Impact on infrastructure capacity	• Extent to which the scale of funding aligned with councils' tourism infrastructure needs • Extent to which TIF-funded projects were effective in addressing identified tourism infrastructure gaps
	Additionality	• Whether TIF-funded projects would have proceeded without the Fund, or whether they would have been delayed • Whether the TIF enabled enhanced project scope, such as larger, higher-quality, or more comprehensive solutions than councils could have achieved without TIF funding • Spillover benefits of the infrastructure project such as such as improved amenities for local residents, enhanced community events capacity, or reduced maintenance burden on councils
	Effectiveness of co-funding model	• Whether co-funding requirements acted as an effective prioritisation mechanism for councils
	Economic benefits	• Identification of economic benefits realised through TIF investments, such as cost savings, leveraged economies of scale and/or revenue generation in the tourism sector
2. To what extent did the TIF achieve its intended policy outcomes?	Mitigation of tourism pressure	• Extent to which TIF investments addressed visitor-related infrastructure constraints and improved capacity to handle tourism demand
	Maintenance of social licence	• Whether TIF enabled communities to respond to tourism pressures within appropriate timeframes and in ways that support long-term sustainability • Extent to which TIF investments helped maintain or improve community support and ‘social licence’ for the tourism industry

KEQs	Criteria	Areas of investigation
	Protection of tourism reputation	• Whether TIF contributed to improvements in visitor experiences and New Zealand's tourism reputation, both domestically and internationally • Positive and negative outcomes of the TIF across different regions and project types
3. What lessons from the TIF can inform future tourism infrastructure funding approaches?	Insights for future tourism infrastructure funding	• Assessment of tourism infrastructure requirements that remain unaddressed and factors that limited TIF's ability to meet these needs • Identification of key barriers that limited TIF's effectiveness, including process, design, or systemic barriers • Identification of project types, funding mechanisms, and targeting criteria that delivered the strongest outcomes • Identification of lessons from TIF implementation that could inform future tourism infrastructure funding approaches

Appendix B: Rubric of criteria performance descriptors

The following table provides descriptors of performance for the TIF evaluation criteria, articulating what performance 'looks like' at each of the points on the scale.

Criterion	Highly effective	Effective	Partially effective	Minimally effective
Impact on infrastructure capacity	Major increases in infrastructure capacity that substantially resolved identified constraints and bottlenecks	Good increases in capacity with meaningful improvements in addressing tourism pressures	Some capacity improvements but significant constraints remain unresolved	Little to no meaningful improvement in infrastructure capacity or constraint resolution
Effectiveness of co-funding model	Co-funding model highly effective in driving local commitment, leveraging additional investment, and ensuring strong project ownership	Co-funding worked well to secure local commitment and reasonable investment leverage from councils	Co-funding had some positive effects but created barriers for some councils or limited investment leverage	Co-funding requirements created significant obstacles without meaningful benefits in terms of commitment or leverage
Additionality	Clear evidence that majority of projects would not have proceeded or would have been significantly delayed without TIF funding; enabled enhanced project scope/quality, and generated substantial spillover benefits for local communities	Good evidence that TIF funding was essential for most projects to proceed in timely manner, with good evidence of spillover benefits for local communities	Some projects required TIF support but others may have proceeded through alternative funding, with some spillover benefits evident	Little evidence that TIF made meaningful difference; projects likely would have proceeded through other means, with minimal spillover benefits beyond primary tourism purpose.
Mitigation of tourism pressure	Substantial reduction in tourism-related pressures with measurable improvements in infrastructure strain	Good reduction in key tourism infrastructure pressures with clear evidence of improved conditions	Some reduction in tourism infrastructure pressures but significant challenges persist in key areas	No meaningful reduction in tourism infrastructure pressures or evidence that pressures have worsened

Criterion	Highly effective	Effective	Partially effective	Minimally effective
Maintenance of social licence	Strong positive effect on community support for tourism with improved community-tourism relationships	Good contribution to maintaining community support with positive community sentiment toward tourism	Some positive effect on community relations but ongoing tensions or mixed community sentiment	No meaningful improvement in social licence or evidence of deteriorating community-tourism relationships
Protection of tourism reputation	Substantial positive effect on New Zealand's tourism reputation with measurable improvements in perception and stakeholder confidence	Good contribution to reputation protection with positive stakeholder feedback	Some positive effect on reputation but mixed results and limited measurable improvement	No meaningful impact on tourism reputation or evidence of reputation damage

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