



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI



Department of
Conservation
Te Papa Ataurā

International Visitor Conservation and Tourism Levy (IVL)

Annual Performance Report 2020/21

November 2022



Photo: Department of Conservation



Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

MORE INFORMATION

Information, examples and answers to your questions about the topics covered here can be found on our website: www.mbie.govt.nz or by calling us free on: **0800 20 90 20**.

All images within this document are from the Department of Conservation

ISSN: ONLINE: 2815-9829

OCTOBER 2022

©Crown Copyright

The material contained in this report is subject to Crown copyright protection unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material being reproduced accurately and not being used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source and copyright status should be acknowledged. The permission to reproduce Crown copyright protected material does not extend to any material in this report that is identified as being the copyright of a third party. Authorisation to reproduce such material should be obtained from the copyright holders.

Introduction

The International Visitor Conservation and Tourism Levy (IVL) ensures tourism continues to benefit communities, visitors and the environment, helping to create productive, sustainable and inclusive tourism growth that enriches New Zealanders' lives.

This report outlines:

- › the financial performance of the IVL in 2020/21
- › the financial and progress reporting for the 10 initial¹ IVL projects.

What is the IVL?

Collection of the IVL commenced in July 2019. It is a levy payable by most people² who intend to enter New Zealand on a temporary basis. Inbound travellers can pay for the IVL at the same time as applying for a visa or electronic travel authority (ETA). The levy is currently set at \$35 NZD.

The revenue collected via the IVL funds a series of targeted, prioritised investments. Investment decisions are made jointly by the Ministers of Tourism, Conservation and Finance (the joint IVL Ministers). The IVL is not a contestable fund. Cabinet agreed to split the IVL fund 50:50 between tourism and conservation investment areas.

The joint IVL Ministers set long-term objectives and funding priorities for the IVL. The Ministry of Business, Innovation and Employment (MBIE) and the Department of Conservation (DOC) provide advice to the joint IVL Ministers that is aligned to these objectives and priorities. MBIE and DOC also provide project oversight, reporting, compliance, and monitoring services.

The four pillars of the IVL are:

- › biodiversity: 35% to 40% of the IVL
- › responding to visitor pressure on conservation and the environment: 10% to 15% of the IVL
- › tourism strategic infrastructure: 40% to 45% of the IVL
- › tourism system capability: 5% to 10% of the IVL.

These investment priorities target areas of cultural and historic significance, the restoration and protection of New Zealand's unique biodiversity, upgrades to existing tourism destinations, and transformational technologies.

The investment priorities are guided by key frameworks reflecting government objectives for conservation and tourism. These include: the New Zealand-Aotearoa Government Tourism Strategy; Te Mana o te Taiao – the Aotearoa New Zealand Biodiversity Strategy 2020; and the DOC Heritage and Visitor Strategy, which informed the priorities for the second conservation investment pillar.

¹ The joint IVL Ministers announced this initial round of IVL investments in August 2019.

² Australians, some Pacific Island citizens and residents, and some other visa holders do not pay.

Section 1: Financial Performance

This section covers:

- › revenue and expenditure for the IVL in 2020/21
- › budgeted, actual, and forecast expenditure for the 10 initial IVL projects.

IVL performance

In its second year of operation (2020/21) the IVL continued to face major funding challenges. This was due to the ongoing impact of COVID 19 on revenue collected. New Zealand's borders remained heavily restricted, meaning the number of people who paid into the IVL was far fewer than pre-pandemic predictions.

Revenue

Actual revenue collected in the second year of operation to 30 June 2021 was \$2.69m.

Initially, the IVL was predicted to raise approximately \$450m in its first five years. However, revenue raised in the first two years was significantly lower than estimated due to the ongoing impact of the pandemic and the New Zealand border remaining heavily restricted because of it. Despite this, revenue collected to 30 June 2020 has ensured the first round of investments will meet commitments, with some project deliverables amended.

From 19 April 2021 to 31 July 2021, quarantine-free travel was available between New Zealand and Australia. Despite Australian citizens not paying the IVL, non-Australian citizens travelling from Australia during this time had a marginal impact on revenue collected through the IVL. Our data shows that approximately \$25,000 in revenue was collected from people travelling from Australia for the 2020/21 year.³

Due to the New Zealand border only recently being reopened to international visitors, an accurate revenue estimate for future years cannot be provided at this time. As the IVL is revenue funded, current and future investments need to be considered against actual revenue received, rather than forecasted revenue.

Expenditure

Actual expenditure in the second year of operation to 30 June 2021 was \$11.34m.

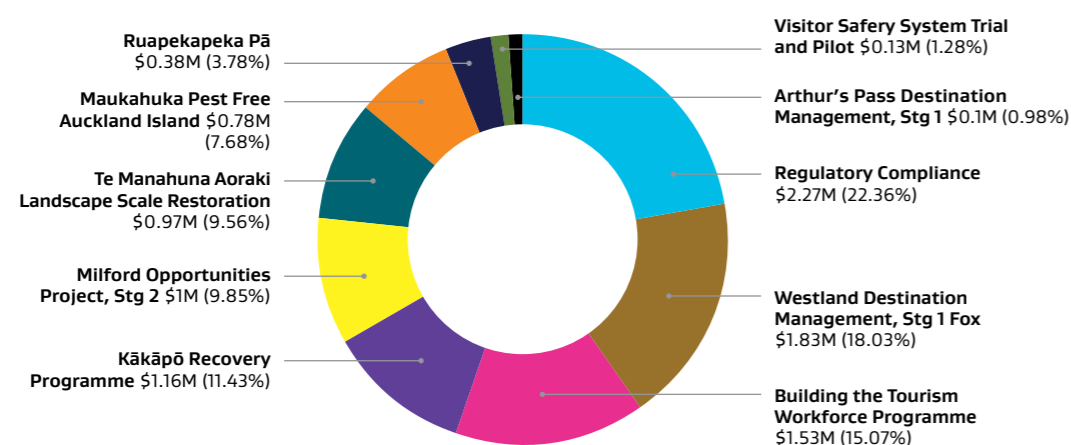
In August 2019, the joint IVL Ministers announced the initial round of IVL investments. The 10 investments totalled \$18m in funding allocated to the 2019/20 year, with a further \$23.7m committed in principle across 2020/21 through to 2023/24 for multiple-year projects.

Investments in conservation projects were recalibrated at the end of 2019/20, reducing the total investment to \$38.9m. Forecast underspend of \$0.22m for the conservation project Visitor Safety System Trial and Pilot has further reduced the total investment. Total funding has been revised downwards, returning the underspent variance to unallocated funding. The total investment for the initial round of projects is now \$38.69m.

³ Inbound travellers pay the IVL alongside visa fees, meaning it is paid prior to travel. Therefore, IVL fees were not collected during the Australia-New Zealand quarantine-free travel period, but when their temporary visas were processed by Immigration New Zealand.

Table 1: Summary of Round 1 IVL five-year commitments (\$m)

	Y1 SPEND \$M	Y2 SPEND \$M	Y3-5 COMMITMENTS \$M	TOTAL (\$M)
Revenue (2019/20)				57.30
Revenue (2020/21)				2.69
Fund Management (Y1-5) & bank fees (Y1-2)	-2.12 ⁴	-1.19	-3.40	-6.71
Conservation	-2.94 ⁵	-5.69	-17.66	-26.29
Tourism	-5.44 ⁵	-4.46	-2.51	-12.40 ⁶
Uncommitted Total at 30 June 2021				14.59

Figure 1: 2020/21 Funding by project

4 Year 1 spend on fund management and bank fees differs from the IVL Annual Performance Report 2019/20 due to the timing of data collection.
5 The figures in MBIE's Annual Report 2019/20 differ to these figures as they are inclusive of administration fees. The above tables outline the breakdown of total figures. MBIE's Annual Report 2019/20 can be found here: www.mbie.govt.nz/dmsdocument/12347-annual-report-2019-20
6 Due to rounding, these figures total \$12.41m.

Project performance

The initial round of IVL investments was announced in August 2019. The 10 investments totalled \$10.15m funding in the 2020/21 year, with a total of \$38.69m across the life of the investments.

In the second year, the conservation and tourism projects have advanced all IVL investment priorities: to target areas of cultural and historic significance, the restoration and protection of New Zealand's unique biodiversity, upgrades to existing tourism destinations, and transformational technologies. All projects progressed well against their milestones despite delays caused by the COVID-19 pandemic.

The following tables provide an overview of the budgeted and actual funding of each IVL project.

Table 2: Updated Round 1 Conservation funding commitments by project

PROJECT	BUDGETED FUNDING \$M	ACTUAL FUNDING \$M	YEARS	19/20 ACTUAL \$M	20/21 \$M	21/22 \$M	22/23 \$M	23/24 \$M
Kākāpō Recovery Programme	8.00	8.03	5	0.48	1.16	2.48	1.71	2.20
Maukahuka Pest Free Auckland Island	4.20	1.50 ⁷	3	0.15 ⁸	0.78	0.58	-	-
Regulatory Compliance	15.00	13.68	5	1.01	2.27	2.85	4.79	2.76
Ruapekapeka Pā	1.20	1.20	4	0.52 ⁹	0.38	0.02	0.28	-
Te Manahuna Aoraki Landscape Scale Restoration	1.00	1.50	2	0.53 ⁹	0.97	-	-	-
Visitor Safety System Trial and Pilot	0.60	0.38 ¹⁰	2	0.25	0.13	-	-	-
Conservation totals	30.00	26.29		2.94	5.69	5.93	6.78	4.96

7 Due to rounding, these figures total \$1.51m.
8 Since the 2019/20 IVL Annual Performance Report was published, the Department of Conservation has undertaken a reconciliation exercise to ensure all IVL funded project-related expenditure is captured in actual funding. Because of this, there are slight variations between some 2019/20 figures in this report and those in the previous report.
9 Due to rounding, these figures total \$12.41m.
10 Forecast underspend of \$0.22m will be returned to uncommitted funds.

Table 3: Updated Round 1 Tourism funding commitments by project
Tourism portfolio for the period ended 30 June 2021 (\$m)

PROJECT	BUDGETED FUNDING \$M	ACTUAL FUNDING \$M	YEARS	19/20 ACTUAL \$M	20/21 \$M	21/22 \$M	22/23 \$M	23/24 \$M
Arthur's Pass Destination Management, Stg 1	0.30	0.30	2	0.20	0.10	-	-	-
Milford Opportunities Project, Stg 2	3.00	3.00	2	2.00	1.00	-	-	-
South Westland Destination Management, Stg 1 Fox	3.90	3.90	2	2.07	1.83	-	-	-
Building the Tourism Workforce Programme	5.20	5.20 ¹¹	4	1.17	1.53	1.62	0.89	-
Tourism totals	12.4	12.4¹²		5.44	4.46	1.62	0.89	

¹¹ Due to rounding, these figures total \$5.21m.
¹² Due to rounding, the project totals add to \$12.41m.

Section 2: Project Progress Reporting

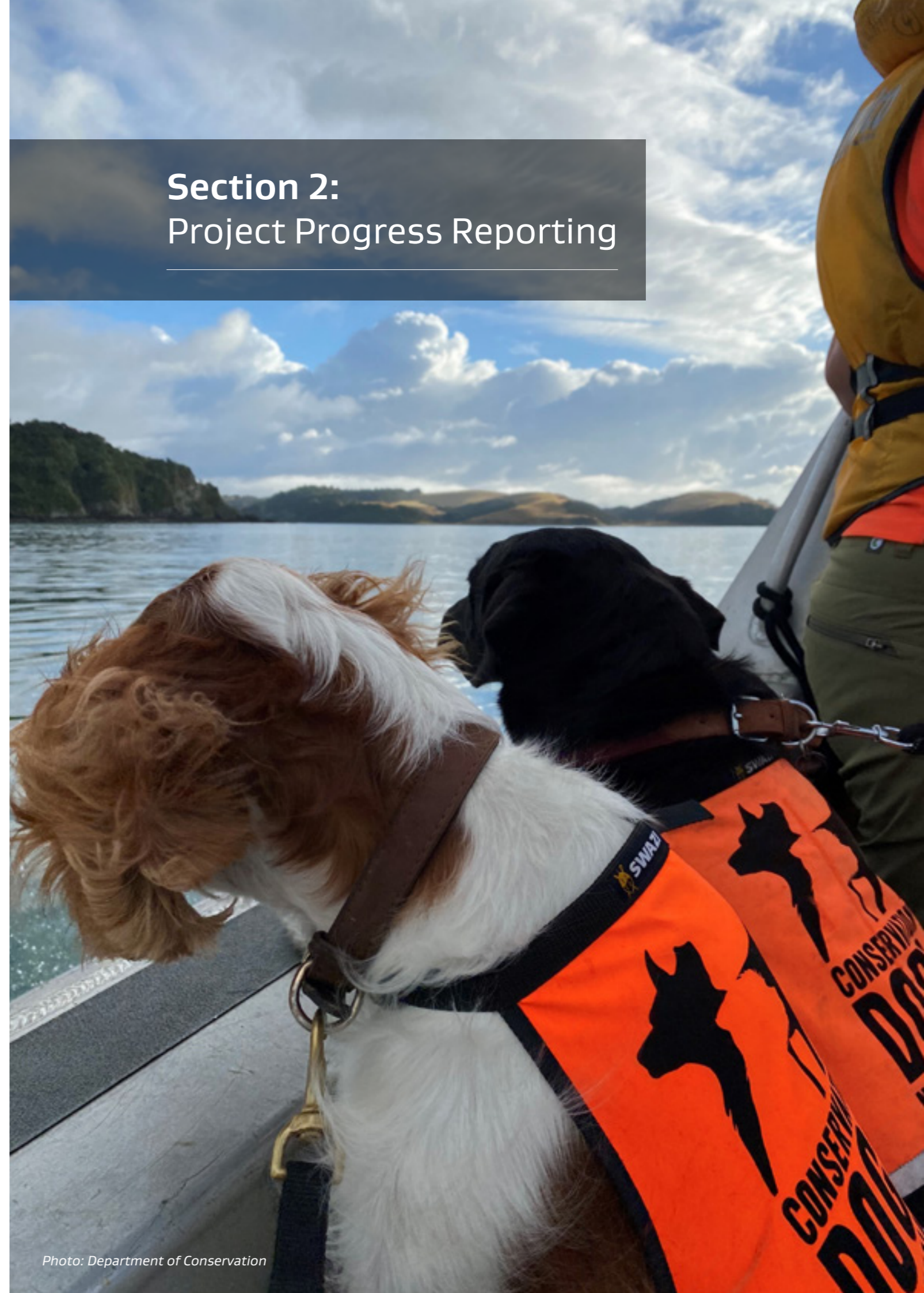


Photo: Department of Conservation

The following tables show the progression of each IVL project against key milestones, as at 30 June 2021.

- the project/milestone has been delivered
- the project/milestone is being delivered
- the project/milestone is paused
- the project/milestone has not been achieved

Table 4: Conservation Portfolio – Progress Against Key Milestones

INVESTMENT PRIORITY	PROJECT	DESCRIPTION	KEY MILESTONES 2020/21	STATUS	PROJECT END DATE
PILLAR: Biodiversity					
Increasing species management	Kākāpō Recovery Programme	Development of a long-term sustainable management approach for kākāpō and establishment of new habitat sites	NoraNet monitoring infrastructure for Te Kāhahu-o-Tamatea / Chalky Island established		2024
			Establishment of increased stoat control programme on Taumoana and Coal Island		
			Infrastructure projects, including flyable bivvy, installed on Te Kāhahu		
			Recruitment of Project Lead for Kākāpō Expansion		
Conservation partnerships with communities	Te Manahuna Aoraki Landscape Scale Restoration Partnership	Implementation of 17 projects to test pest control methods and technology	Develop long-term plan for the proposed 20-year project		2021
			Conservation dogs trained and certified		
			High-altitude predator-proof fence test		
			Rūnanga-led fish project		
Protecting sensitive and ecologically valuable landscapes	Maukahuka Pest Free Auckland Island	Design stage to enable successful eradication of pests from Maukahuka Auckland Island.	Publish feasibility study on eradication of mammalian pests		2021 <i>(The project was paused in late 2020 after completion of the feasibility study.)</i>
			Native species monitoring expedition		
			R&D expedition retrieve cat collars and trial new cat bait (deferred due to COVID-19)		

INVESTMENT PRIORITY	PROJECT	DESCRIPTION	KEY MILESTONES 2020/21	STATUS	PROJECT END DATE
PILLAR: Responding to visitor pressure on conservation and the environment					
Protecting and enhancing natural and cultural heritage	Ruapekapeka Pā	Development of Ruapekapeka Pā as an attraction for visitors; support of Te Ruapekapeka Trust to commemorate the 175th anniversary of the Battle of Ruapekapeka Pā.	Develop amenity area, create new walking track and upgrade existing tracks		2022/2023
			Install new historic armaments for display		
			Install new and revamped signage to support Te Ruapekapeka Trust storytelling project		
Advancing visitor safety	Visitor Safety System Trial and Pilot	Trial integration of risk management system to manage environmental risks and visitor safety.	Pilot risk management system in Tongariro and Nelson Lakes District		2021
			Develop visitor safety planning system to be used across conservation lands and waters		
Protecting endangered species from smuggling and ensuring consistent application of rules on conservation land and waters	Regulatory Compliance – Building Capacity and Capability for Conservation Law Enforcement	Increase capacity and capability to enable investigations into illegal activity on conservation lands and waters, wildlife crime, and Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)-related crime.	Operational deployment of conservation enforcement dog		2024
			Streamlining and refreshing training material for warranted officers including the development of e learning modules		
			Live animal training with reptile-detection dog		
			Researching social aspects of the use and importation of traditional Chinese medicine, to inform an outreach approach for CITES		

Table 5: Tourism Portfolio – Progress Against Key Milestones

INVESTMENT PRIORITY	PROJECT	DESCRIPTION	KEY MILESTONES 2020/21	STATUS	PROJECT END DATE
PILLAR: Tourism Strategic Infrastructure					
Destination Management planning and investment	Arthur's Pass Destination Management, Stage 1	Comprehensive investment plan to inform the multi-agency development of a regional visitor destination	Arthur's Pass Destination & Investment Framework report released	Green	2020 ¹³
			Determining next steps for the Destination & Investment Framework	Yellow	
			Progressing phase 2 – SH73 masterplan and design guide for DOC sites	Yellow	
	Milford Opportunities Project, Stage 2	Delivery of a comprehensive Masterplan for Milford Sound Piopiotahi, the Milford Road and surrounding areas	Project re-establishment and resourcing	Green	
			Workstream establishment and option generation	Green	
			Options assessment	Green	
			Selection of strategic options	Yellow	
			Milford Opportunities Project Masterplan released	Green	
			Fox River valley track modifications	Green	
			Lake Gault walk: Kā Tiritiri o te Moana	Green	
2021	Improvements to 'Peak View' lookout area on the Cook Flats	Yellow			
	Re-opening the coastal walkway to Galway Beach	Green			
	Extending the cycle/walking trail on Cook Flat Road to Lake Matheson	Yellow			
	Re-configuring Lake Matheson carpark (deferred)	Red			
		Southside Toilets (deferred)	Red		

¹³ Funding for these projects was allocated as at 30 June 2021, however due to project delays there are ongoing milestones due to be completed by the end of the 2022/23 financial year.

INVESTMENT PRIORITY	PROJECT	DESCRIPTION	KEY MILESTONES 2020/21	STATUS	PROJECT END DATE
PILLAR: Tourism System Capability					
Workforce and skills	Promotion of Tourism Careers – Building the Tourism Workforce Programme	Deliver through Go with Tourism a programme to improve perceptions of tourism career pathways and attract more people into New Zealand's tourism and hospitality workforce.	Expand participation of New Zealand employers in Go with Tourism programmes	Green	2023
			Increase the volume of candidates placed into employment through Go with Tourism programmes		
			Develop web resources, communications and social media campaigns		
			Secondary school and tertiary institute engagement programme		
			Host and attend multiple career expos across regions		
			Networking and mentoring		
Establish Pledge A Placement programme	Green				



