

International Visitor Conservation and Tourism Levy (IVL) – Annual Performance Report 2021/22

AUGUST 2023



Ministry of Business, Innovation and Employment (MBIE)

Hīkina Whakatutuki – Lifting to make successful

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Credit to Leon Berard, Department of Conservation Ranger, for the photographs used in this report.

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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, and
- the financial and progress reporting for the IVL projects, as at 30 June 2022.

WHAT IS THE IVL?

The IVL is a levy payable by most people¹ 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. Collection of the IVL began in July 2019.

The revenue collected helps fund 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.

Over 2021/22 the four pillars of the IVL were:²

- › 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.

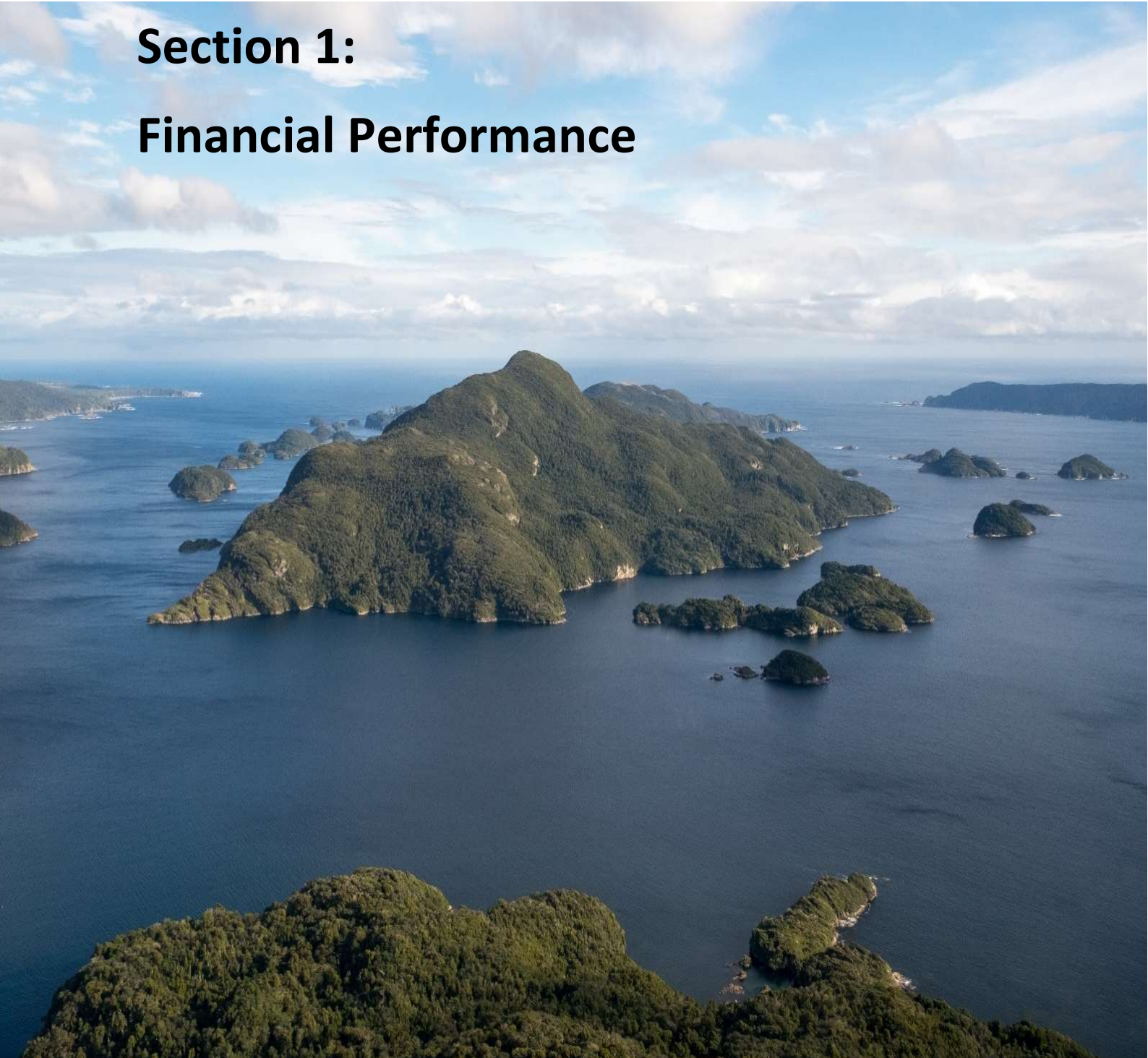
The investment priorities are guided by key frameworks reflecting government objectives for conservation and tourism. These include: the New Zealand-Aotearoa Government Tourism Strategy; Te Mana o te Taiao – the New Zealand Biodiversity Strategy 2020; and the DOC Heritage and Visitor Strategy, which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

¹ Australians, some Pacific Island citizens and residents, and some other visa holders do not pay.

² These priorities have recently been updated as part of the 2023 IVL Investment Plan, available on the MBIE and DOC websites.

Section 1:

Financial Performance



Financial performance overview

This section covers:

- revenue and expenditure for the IVL in 2021/22
- budgeted, actual, and forecast expenditure for the IVL projects.

In its third year of operation (2021/22) 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 were heavily restricted until they opened to all visitors, including from non-visa waiver countries and international students, from 31 July 2022 (one month after the reporting period of this annual performance report). This meant the number of people who paid into the IVL was far fewer than pre-pandemic predictions. Since April 2021, visitors from Australia were eligible to visit New Zealand, but most visitors (being either Australian citizens or returning New Zealanders) were exempt from paying the IVL.

REVENUE

Actual revenue collected in the third year of operation to 30 June 2022 was \$3.314m.

Initially, the IVL was predicted to raise approximately \$450m in its first five years. Despite the impact of COVID-19, revenue collected 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. Australian citizens and permanent residents, as well as returning New Zealand citizens and residents, are among the groups that do not pay the IVL. Non-exempt visitors travelling from Australia over this financial year had a marginal impact on revenue collected through the IVL.

The New Zealand border only fully reopened to all visitors, including from non-visa waiver countries and international students, from 11:59PM, 31 July 2022.

EXPENDITURE

Actual expenditure in the third year of operation to 30 June 2022 was \$9.039m.

This financial year, expenditure for tourism was \$2.091m across two projects, expenditure for conservation was \$5.931m across four projects, and administrative expenditure was \$1.017m.

Total expenditure from the IVL since its beginning in 2019 to June 2022 is \$26.541m, which breaks down into: \$11.989m for tourism, \$14.552m for conservation, and \$4.324m for administrative expenditure³.

FUNDING ALLOCATED TO OUT-YEARS

Total funding allocated to future years as at 30 June 2022 is \$22.753m.

Many of the IVL projects have multi-year funding committed in principle. Administrative expenditure is also committed in advance. As at 30 June 2022, the IVL has funding allocated out to financial year 2024/25.

Tourism projects have \$7.436m committed over the next three financial years, conservation projects have \$11.738m committed over the next two financial years. Administrative funding has been committed for the next three financial years, totalling \$3.579m out to 2024/25.

³ Administrative expenditure/funding includes bank fees (2.5%-3% visa charges) and MBIE and DOC fund management costs.

TABLE 1: SUMMARY OF IVL REVENUE AND COMMITTED EXPENDITURE AS AT 30 JUNE 2022 (\$M)

	19/20 Y1	20/21 Y2	21/22 Y3	Future commitments 22/23, 23/24, 24/25 Y4-6	Total
Revenue	57.163	2.692	3.314	-	63.169
Fund management (Y1-6) & bank fees (Y1-3)	-2.120	-1.187	-1.017	-3.579	-7.903
Conservation	-2.936	-5.685	-5.931	-11.738	-26.290
Tourism	-3.170	-6.728	-2.091	-7.436	-19.425
Total Expenditure	-8.226	-13.600	-9.039	-22.753	-53.618
Uncommitted total at 30 June 2022					9.551

Individual projects' financial performance

Since the IVL began in 2019, the Joint IVL Ministers have approved 14 projects for investment.

In its third 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. Projects progressed well against their milestones despite some delays caused by the COVID-19 pandemic.

NEW PROJECTS APPROVED

Four new projects were approved during the 21/22 financial year, all from the tourism portfolio.

- **TRENZ Connect** — \$1.550m over two years was approved to support an online platform to connect domestic buyers with international sellers and provide working capital for TRENZ 2023.
- **I-SITES Network** — \$2.975m over four years was approved to upgrade Aotearoa New Zealand's i-SITE network.
- **Freedom Camping vehicle register** — \$1.900m over one year was approved to enable the Plumbers, Gasfitters and Drainlayers Board to establish a national register of self-contained vehicles, as required by the Self-Contained Motor Vehicles Legislation Act 2023.
- **RTNZ destination management capability** — \$0.600m over two years was approved for Regional Tourism New Zealand (RTNZ) to develop destination management capability in regional tourism organisation staff.

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

TABLE 2: CONSERVATION FUNDING COMMITMENTS BY PROJECT AS AT 30 JUNE 2022 (\$M)

Project	Budgeted Funding	Actual Funding	Years	19/20 Actual	20/21 Actual	21/22 Actual	22/23 Allocated	23/24 Allocated	24/25 Allocated
Kākāpō Recovery Programme	8.030	8.030	5	0.484	1.155	2.481	1.710	2.200	-
Maukahuka Pest Free Auckland Island	1.500	1.499	3	0.147	0.776	0.576	-	-	-
Regulatory Compliance – Building Capacity and Capability for Conservation Law Enforcement	13.680	13.680	5	1.010	2.271	2.852	4.790	2.757	-
Ruapekapeka Pā	1.200	1.200	4	0.521	0.377	0.021	0.281	-	-
Te Manahuna Aoraki Landscape Scale Restoration	1.500	1.500	2	0.528	0.972	-	-	-	-
Visitor Safety System Trial and Pilot	0.600	0.381 ⁴	2	0.246	0.135	-	-	-	-
Total	30.000	26.290	N/A	2.936	5.686	5.930	6.781	4.957	0.000

TABLE 3: TOURISM FUNDING COMMITMENTS BY PROJECT AS AT 30 JUNE 2022 (\$M)

Project	Budgeted Funding	Actual Funding	Years	19/20 Actual	20/21 Actual	21/22 Actual	22/23 Allocated	23/24 Allocated	24/25 Allocated
Arthur's Pass Destination Management, Stage 1	0.300	0.300	1	-	0.300	-	-	-	-
Milford Opportunities Project, Stage 2	3.000	3.000	2	2.000	1.000	-	-	-	-
South Westland Destination Management, Fox Glacier, Stage 1	3.900	3.900	1	-	3.900	-	-	-	-
Building the Tourism Workforce Programme, Go With Tourism, Stage 1	5.200	5.200	4	1.170	1.528	1.616	0.886	-	-
NEW PROJECTS APPROVED IN THE 21/22 FINANCIAL YEAR									
TRENZ Connect	1.550	1.550	2	-	-	0.475	1.075	-	-
i-SITE Network	2.975	2.975	3	-	-	-	1.175	1.000	0.800
RTNZ Destination Management capability	0.600	0.600	2	-	-	-	0.300	0.300	-
Freedom Camping Vehicle Register	1.900	1.900	1	-	-	-	1.900	-	-
Tourism totals	19.425	19.425	N/A	3.170	6.728	2.091	5.336	1.300	0.800

⁴ After a review at the end of FY 20/21, the project was halted with all remained funding returned to the IVL Fund.

**Section 2:
Project Progress**


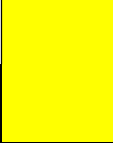



Current Tourism and Conservation Projects' Progress

The following tables show the progression of current IVL projects against key milestones, as at 30 June 2022⁵.

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

Table 4: Conservation Portfolio – Progress Against Key Milestones

Pillar	Investment priority	Project	Description	Key milestones 2021/2022	Status	Project end date
Biodiversity	Increasing species management	Kākāpō Recovery Programme	To fund the development of a long-term sustainable management approach for kākāpō and establishment of new habitat sites	Operations team recruitment		2024
				Disease surveillance and response plan		
				Dusky database enhancements		
				Infrastructure projects, including flyable bivvy, installed on Te Kāhahu		
				Chalky Island kākāpō translocation		
				New transmitter technology development		
				Maungatautari kākāpō translocation		
				10-year strategic plan		
				Coal Island and Five Fingers kākāpō translocation		
				Protecting sensitive and ecologically valuable landscapes	Maukahuka Pest Free Auckland Island	

⁵ Past projects are captured in previous IVL Annual Performance Reports, available: <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-funding/international-visitor-conservation-and-tourism-levy/ivl-annual-performance-reports/>

			Description	Key milestones 2021/2022	Status	Project end date
Responding to visitor pressure on conservation and the environment	Protecting and enhancing natural and cultural heritage	Ruapekapeka Pā	To fund the 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	Install new historic armaments for display		2024
	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	To fund an increase in 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	Development and delivery of resources to enhance CITES outreach campaigns leading to increased levels of public engagement and awareness Training delivery to border agencies reviewed with new e-learning modules introduced to enable better accessibility to learn 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 approach for CITES		2025

Additional commentary on projects

The two paused milestones in the Kākāpō Recovery Programme were paused during the 2022 breeding season to focus on supporting breeding.

The Maukahuka Pest Free Auckland Island project was completed during this reporting period. The other three projects continued, and further updates will be provided in the 2023/23 Report.

Table 5: Tourism Portfolio – Progress Against Key Milestones

					Project end date
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	2020 ⁶
				Determining next steps for the Destination & Investment Framework	
				Progressing phase 2 – SH73 masterplan and design guide for DOC sites	
		TRENZ Connect	To support the Tourism Industry New Zealand Trust (TINZT) to deliver Tourism Rendezvous New Zealand (TRENZ) for 2022 and 2023, New Zealand’s largest annual international tourism business-to-business travel and trade event	Funding for TRENZ Connect – an online platform that connects domestic buyers with international sellers, by enabling domestic sellers to list for free until the main markets of China, Australia and USA are restored. TRENZ Connect was held over 17-19 May 2022	2023
				Working capital provided for TRENZ 2023, enabling preparations for the 2023 event to continue	2023
Tourism System Capability	Workforce and skills	Promotion of Tourism Careers – Building the Tourism Workforce Programme	Deliver through Go with Tourism (GWT) a programme to improve perceptions of tourism career pathways and attract more people into New Zealand’s tourism and hospitality workforce	Increased placement of candidates into employment with tourism or hospitality employers	2023
				GWT Expos are delivered and GWT participates in multiple other expos facilitated by other organisations	
				Secondary schools and tertiary providers are engaged and participate with GWT programme	
				Increased marketing reach across all GWT social media channels	

⁶ Included in ‘current’, as project paused awaiting decision on remaining \$30k of unspent funding.

Pillar	Investment priority	Project	Description	Key milestones 2021/2022	Status	Project end date
				Place 100+ candidates with an employer through the Pledge A Placement programme (68 candidates placed through this particular programme)	⁷	

Additional commentary on projects

The TRENZ Connect and Promotion of Tourism Careers projects continued into 2022/23. Work is paused on the Arthur's Pass Destination Management project. Further updates will be provided on all three projects in the 2022/23 Annual Report.

⁷ This milestone was not achieved due to the hospitality/tourism sector being significantly impacted by COVID-19 uncertainty at the time.