



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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**Department of
Conservation**
Te Papa Atawhai

International Visitor Conservation and Tourism Levy (IVL) Programme

– Annual Performance Report 2019/20

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Introduction

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

The investment pillars of the programme are to:

- › help restore and protect New Zealand's landscapes and species
- › improve environmental resilience and manage visitor impacts on the natural environment; and
- › improve New Zealand's tourism system.

The IVL programme has faced major challenges in its first year of operation given the significant impact of COVID-19 on revenue collected. Despite this, the programme has delivered against its priorities in a funding-constrained environment.

Collection of the IVL commenced in July 2019, payable by most people* 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 an electronic travel authority (ETA). The levy is currently set at \$35.

This report outlines the performance and status of the 10 initial IVL projects – six in the conservation portfolio and four in the tourism portfolio that were funded in the first year of the IVL programme (1 July 2019 to 30 June 2020).

What is the IVL?

The IVL programme is a series of targeted, prioritised investment decisions made jointly by the Ministers of Tourism, Conservation and Finance (joint IVL Ministers). It is not a contestable fund. An IVL Advisory Group also helps to guide and shape the areas for investment in alignment with Ministerial priorities. They provide focus, leadership and expertise to guide the IVL to where it will make the most impact. The Ministry of Business, Innovation and Employment (MBIE) and the Department of Conservation (DOC) provide advice to joint Ministers that is aligned with the long-term objectives and funding priorities set by Ministers. The agencies also provide project oversight, reporting, compliance and monitoring.

The investment priorities for the IVL are also guided by the New Zealand-Aotearoa Government Tourism Strategy, Te Mana o te Taiao – the Aotearoa New Zealand Biodiversity Strategy 2020, the DOC Heritage and Visitor Strategy, which informed the priorities for the second conservation investment pillar, as well as various other key frameworks that reflect government objectives for conservation and tourism. These 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.

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

2019/20 Overview

The initial round of IVL programme investments was announced in August 2020. The 10 investments totalled \$18.7m funding in the 2019/20 year, with a total of \$38.9m across the life of the investments.

In the first year, the projects have advanced the primary goals of the IVL programme. All projects have progressed well against their milestones despite delays caused by extreme weather events and the COVID-19 pandemic.

Revenue

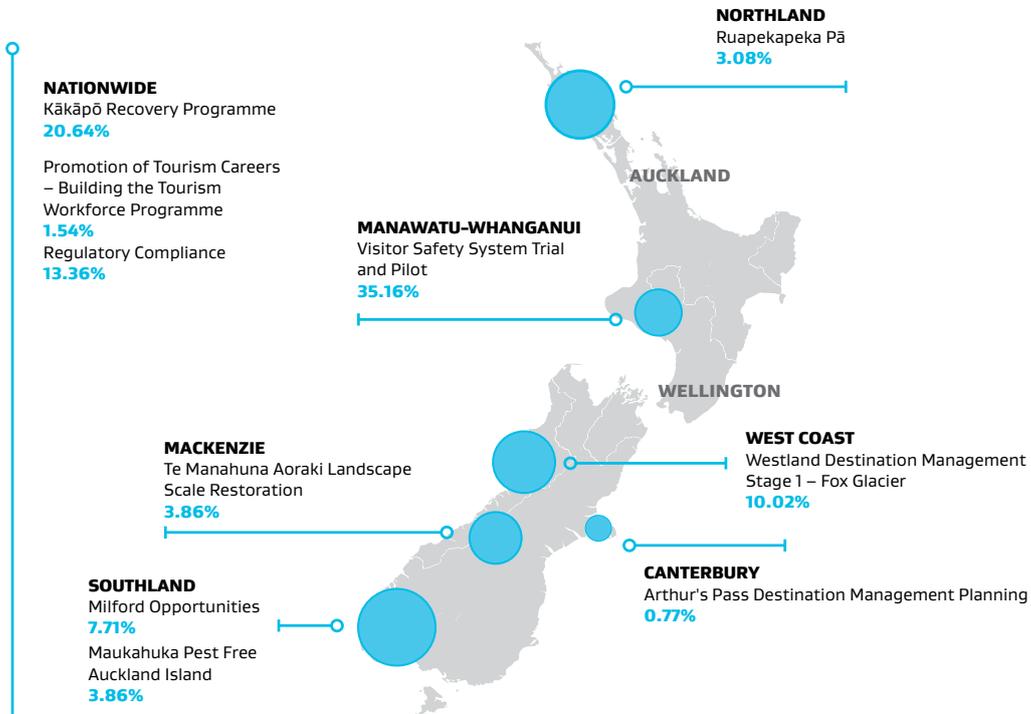
The IVL was predicted to raise around \$450m in its first five years, however revenue in 2019/20 was significantly lower due to the impact of the COVID-19 pandemic.

For the first eight months of the fiscal year, revenue paralleled estimates based on historical visitor arrival trends.

As a result of border closures, very little revenue was raised between March and June 2020. Revenue collected in the first year to 30 June 2020 was \$57.3m, approximately 30% lower than the forecasted revenue of \$82m.

Conservative management of the fund has ensured that the revenue collected to 30 June 2020 meets full commitments of the first round of investments, including multi-year funding through to 2023/24.

Figure 1: Total Funding by Region



Looking ahead

In 2020/21 the priority for the programme is to ensure successful continuation of previously funded projects.

Until revenue from international arrivals rebounds and stabilises, new IVL investments will be restrained. Uncommitted funds (refer table 3) may be used to support future investments that are aligned with the long-term objectives of the fund or held for future years of investment.

Section 1: Financial Performance

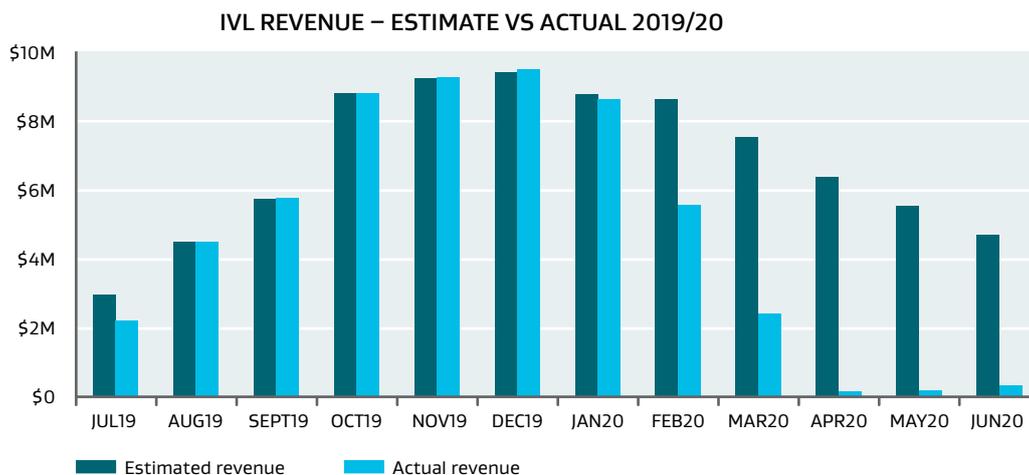


Revenue

2019/20 revenue was significantly lower than the estimate due to the drop in international visitor numbers. Estimated revenue for the 2019/20 year was set at \$82m, mirroring visitor arrival projections pre-2019/20. Actual revenue collected into the fund to 30 June 2020 was \$57m, approximately 30% lower than the estimated revenue.

Incoming IVL revenue followed historical visitor arrival trends until February when borders closed to visitors from China. Revenue dropped further in March and was negligible from April through the remainder of the fiscal year.

Figure 2: Monthly IVL Revenue: 1 July 2019 – 30 June 2020



- › Estimated revenue for 2019/20 by month was based on international visitor arrival numbers in 2018/19.
- › The revenue that has been collected since borders closed does not necessarily reflect the number of arrivals. Border restrictions have not affected Immigration New Zealand's ability to accept applications. The majority of revenue from March through June came from offshore ETA and visa applications, which are valid for up to five years.

Expenditure

Cabinet agreed to split the IVL fund 50:50 between the tourism and conservation investment areas.

In August 2019 joint IVL Ministers announced the initial round of IVL programme 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 2023/24 for multiple-year projects. A number of conservation investments were recalibrated at the end of 2019/20, reducing the total investment to \$38.9m.

Extreme weather events and delays that occurred as a result of COVID-19 Alert Level 4 caused significant variation between budgeted and actual expenditure. The first nine months saw steady progress against key milestones across all projects. By late March, a five-week nationwide Alert Level 4 lockdown halted project activity.

Project delays caused some projects to underspend their 2019/20 budgets. In some cases, project funding was carried forward into 2020/21. For others, total funding has been revised downwards, returning the underspent variance to unallocated funding.

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

Table 1: Updated Round 1 Funding Commitments by Project
Conservation portfolio for the period ended 30 June 2020

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	8.03	8.03	5	0.48	2.52	2.09	1.11	1.83
Maukahuka Pest Free Auckland Island	4.20	1.50	2	0.25	1.25	–	–	–
Regulatory Compliance	15.00	13.68	5	1.01	2.84	3.42	3.63	2.78
Ruaapekapeka Pā	1.20	1.20	1*	0.37	0.83	–	–	–
Te Manahuna Aoraki Landscape Scale Restoration	1.00	1.50	2	0.50	1.00	–	–	–
Visitor Safety System Trial and Pilot	0.60	0.60	1*	0.25	0.35	–	–	–
Conservation totals	30.00	26.51		2.86	8.80	5.51	4.74	4.60

* Due to project delays, these one-year projects carried forward underspent 2019/20 project funding to the 2020/21 year

Table 2: Updated Round 1 Funding Commitments by Project
Tourism portfolio for the period ended 30 June 2020

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	–	–	–
Westland Destination Management, Stg 1 Fox	3.90	3.90	2	2.07	1.83	–	–	–
Building the Tourism Workforce Programme	5.20	5.20	4	1.17	1.44	1.44	1.15	–
Tourism totals	12.4	12.4		5.44	4.37	1.44	1.15	

Table 3: Summary Round 1 IVL Five-Year Commitments (\$m)

	Y1 SPEND \$M	Y2-5 COMMITMENTS \$M	TOTAL (\$M)
Revenue (2019/20)			57.30
Fund Management (Y1-5) & bank fees (Y1)	-2.75	-4.76	-7.51
Conservation	-2.86	-23.65	-26.51
Tourism	-5.44	-6.96	-12.40
		Uncommitted Total at 30 June 2020	10.88

Section 2: Project Progress Reporting



The following tables show the progression of each IVL project against key milestones.

- 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

PILLAR	INVESTMENT PRIORITY	PROJECT	DESCRIPTION	KEY MILESTONES 2019/20	STATUS	PROJECT END DATE
Biodiversity	Increasing species management	Kākāpō Recovery Programme	Development of a long-term sustainable management approach for kākāpō and establishment of new habitat sites	First female kākāpō translocated to Te Kākahu-o-Tamatea / Chalky Island		
				NoraNet infrastructure for Te Kākahu-o-Tamatea / Chalky Island underway		2024
				Finalise translocation strategy with the help of genomic/genetic research data		
	Conservation partnerships with communities, local government and regional stakeholders	Te Manahuna Aoraki Landscape Scale Restoration	Implementation of 17 projects to test pest control methods and technology	Test predator-proof fence		
				Mana whenua first site visit to Motuariki Island to start scoping rūnanga-led project		
				Train conservation dogs to support project		2021
				Develop long-term plan for the proposed 20-year project		
	Protecting sensitive and ecologically valuable landscapes	Maukahuka Pest Free Auckland Island	Design stage to enable the successful eradication of pests from Maukahuka Auckland Island; specifically, to create and test infrastructure systems and technology for the Island	Feasibility study		
				Operation Endurance – native species monitoring		
				Design and test of new eradication tools and capability		2024
				Design and build infrastructure and installation at place		

PILLAR	INVESTMENT PRIORITY	PROJECT	DESCRIPTION	KEY MILESTONES 2019/20	STATUS	PROJECT END DATE
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 an amenity area, install new armaments, create new walking track and upgrade existing tracks New and revamped signage to support Te Ruapekapeka Trust storytelling project		2021
	Advancing visitor safety	Visitor Safety System Trial and Pilot	Trial integration of risk management system to manage environmental risks and visitor safety	Diagnostic, design and trial phases to develop a more comprehensive approach to hazard and risk management Pilot in Tongariro and Nelson Lakes Districts		2021
	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 (was previously referred to as 'increased monitoring of Trade in Endangered Species and tourism compliance')	Training of reptile-detection dog Upgrade of CITES IT system, including a new user interface and improved enquiry and reporting functionality Social media on Chinese platforms directing people to new DOC webpages about traditional medicines Summer 2019/20 concession campaign Enhancing compliance capacity to strengthen border capability, detect wildlife crimes, and enable increased investigations.		2024

Table 5: Tourism Portfolio – Progress Against Key Milestones

PILLAR	INVESTMENT PRIORITY	PROJECT	DESCRIPTION	KEY MILESTONES 2019/20	STATUS	PROJECT END DATE
Tourism Strategic Infrastructure	Destination Management planning and investment	Arthur's Pass Destination Management, Stage 1	Delivery of a collaborative co-design approach to support development of a well-functioning, regional visitor destination	Planning and recommendations		2020
				Finalisation of report and initial design of key sites		
	Milford Opportunities Project, Stage 2		Delivery of a comprehensive masterplan for Milford Sound Plopiotahi	Project re-establishment and resourcing		2021
				Workstream establishment and option generation		
				Options assessment		
				Selection of strategic options		
				Drafting the Master Plan		
	Westland Destination Management, Stage 1 – Fox		Delivery of eight projects on the West Coast to enhance visitor access to conservation and tourism activities	Glacier Views: new carpark and cycle trail on the southside of Fox River		2020
				Fox River valley track modifications		
				Lake Gault walk: Kā Tiritiri o te Moana		
				Improvements to 'Peak View' lookout area on the Cook Flats		
				Re-opening the coastal walkway to Galway Beach		
				Extending the cycle/walking trail on Cook Flat Road to Lake Matheson		
				Re-configuring Lake Matheson carpark (deferred)		
Southside Toilets (deferred)						

PILLAR	INVESTMENT PRIORITY	PROJECT	DESCRIPTION	KEY MILESTONES 2019/20	STATUS	PROJECT END DATE
Tourism System Capability	Workforce and skills	Promotion of Tourism Careers – Building the Tourism Workforce Programme	Revised programme to support efforts to grow the tourism workforce in the long-term and retain valuable tourism skills within New Zealand.	Expand 'Go with Tourism' platform across regions	[Green bar]	2023
				Appoint National and Regional Coordinators		
				Communications and social media campaigns		
				School Engagement programme		
				Industry open days		
				Networking and mentoring		
* <i>Pivot programme for COVID-19 redeployment support</i>	[Grey bar]					
					[Green bar]	

