

International Visitor Conservation and Tourism Levy

INVESTMENT PLAN 2023



Te Kāwanatanga o Aotearoa
New Zealand Government



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



Department of
Conservation
Te Papa Atawhai

More information

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Introduction

This Investment Plan outlines the policy context for the International Visitor Conservation and Tourism Levy, the aims of the levy, and priority areas of investments.

The International Visitor Conservation and Tourism Levy (IVL) was introduced on 1 July 2019. Most international visitors to Aotearoa-New Zealand are charged the levy of \$35, which is then invested to ensure that tourism continues to benefit communities, visitors and the environment.

Revenue collected through the IVL is invested in projects that will help create productive, sustainable and inclusive tourism system that supports and protects our environment and enriches New Zealanders' lives. When established, it was predicted the IVL would generate around \$80 million per year to be invested in conservation and tourism.

The tourism landscape has changed significantly since 2019

Since 2000, there was a significant increase in visitors to New Zealand, peaking in 2019, which brought challenges to our infrastructure, environment, communities and the social licence for tourism to operate in certain areas.

However, with the COVID-19 pandemic and the closure of our borders in March 2020, there were very few international visitors to New Zealand and the IVL generated minimal revenue. Now that New Zealand's borders have reopened there has been a rapid return of international visitors. Volumes have not reached the peak levels of 2019 and the long-term outlook remains unclear.

As the IVL has begun to generate revenue there is opportunity to refocus the aims of investments under the IVL to recognise the post-pandemic context and a move towards a regenerative system – including focusing on responding to the impacts of climate change and supporting regeneration.

The plan provides a direction for the next stage of IVL investments

This Investment Plan sets out the Government's focus and direction for investments made through the IVL in a post-pandemic world. It reflects the priority investments areas as agreed by the joint IVL Ministers: the Ministers of Finance, Tourism and Conservation. The Investment Plan will be updated periodically to ensure it continues to address challenges faced across the conservation and tourism systems.

Partnership will be a key feature of the IVL investment approach. The tourism and conservation projects will include input from iwi, hapū and whānau, local government, businesses and communities.

These investments recognise our environment is our most precious taonga and will make long-term improvements for our tourism and conservation systems. The IVL enables international visitors to contribute to the environment they enjoy and tourism infrastructure they use to protect it for future generations.

The IVL addresses current challenges in the tourism and conservation systems

Most temporary visitors to New Zealand pay the IVL...

Most international visitors to New Zealand who apply for a visa are charged the levy of \$35. It is collected through the immigration system, with travellers paying the IVL alongside their visa or NZeTA (New Zealand Electronic Travel Authority) fees. A full list of people who do not need to pay the IVL can be found on the Ministry of Business, Innovation and Employment's (MBIE) webpage: <https://www.mbie.govt.nz/what-is-the-ivl/>

Funding raised through the IVL is split equally between conservation and tourism investments. Conservation projects are administered by the Department of Conservation (DOC), and tourism projects are administered by MBIE.

...which is invested in tourism and conservation projects that contribute to broad, impactful change

The IVL is expected to raise roughly \$80 million per annum (assuming arrival figures close to the 2019 peak), split evenly between tourism and conservation projects. While this volume of funding will allow government to address certain issues, it remains insufficient to address the full range of challenges the tourism and conservation sectors face. This Investment Plan has been designed to focus IVL spending on priorities which are likely to have the greatest impact.

The IVL aims to:

- contribute to government stewardship of, and aims for, the tourism and conservation systems
- reflect Te Tiriti o Waitangi principles
- contribute to broader system change across tourism and biodiversity
- have flexibility to respond to change over time
- complement existing funding mechanisms, rather than duplicate
- contribute to the Government's overall economic strategy of productive, sustainable and inclusive growth.

Investments will uphold Te Tiriti o Waitangi...

It is particularly important that the administration and implementation of the IVL honours Te Tiriti o Waitangi and recognises the contribution of Māori as kaitiaki of their rohe and adjacent areas. It also recognises the contribution of Māori tourism businesses to the Māori economy, the impacts tourism has on Māori land and within Māori communities, and the rights and interests of Māori in conservation and the management of public conservation lands.

How Te Tiriti o Waitangi will be reflected through the IVL will differ between the conservation and tourism portfolios. However, all IVL investments should uphold Māori rights and interests.



... and are informed by a set of key frameworks which reflect the Government's objectives for conservation and tourism

The IVL is informed by a set of key frameworks which reflect the Government's objectives for conservation and tourism:

- New Zealand-Aotearoa Government Tourism Strategy:
<https://www.mbie.govt.nz/tourism-strategy>
- Tourism Industry Transformation Plan: <https://www.mbie.govt.nz/tourism-itp>
- Te Mana o Te Taiao –Aotearoa New Zealand Biodiversity Strategy:
<https://www.doc.govt.nz/nature/biodiversity/aotearoa-new-zealand-biodiversity-strategy/te-mana-o-te-taiao-summary/>
- Department of Conservation's Heritage and Visitor Strategy:
<https://www.doc.govt.nz/heritage-and-visitor-strategy>.

Projects funded by the IVL will contribute to the long-term sustainability of tourism and conservation in New Zealand, by protecting and enhancing our biodiversity, upholding New Zealand's reputation as a world-class destination, and addressing the way tourism is funded.

Tourism investment statement

The IVL will invest in tourism projects that are or have the potential to be nationally significant or provide a co-ordinated approach to addressing shared tourism system challenges

MBIE will give priority to tourism projects that:

1. support a transition to a regenerative, resilient tourism model
2. reduce tourism's environmental impact by:
 - a. supporting adaptation and resilience to climate change,
 - b. supporting low carbon infrastructure development, and/or,
 - c. actively protecting and/or regenerating our natural resources
3. improve the way in which tourism serves communities, including iwi and hapū, by reducing visitor impact and contributing to the communities and local economies that the sector operates in
4. uphold Māori rights and interests for tourism, and Māori can participate in proposed projects to the level they wish.

Priority Area 1: Nationally significant investments

The challenges facing the tourism sector are broadly agreed by Government, the sector and communities. Many of these challenges can only be managed with a national approach, and others may have significant local cost but national level benefits. This makes coordination and funding challenging to manage across a range of different sector operators. The IVL can operate as a funder, generating socially optimal levels of tourism investments at a national level.

The IVL will fund projects that are nationally significant, as these are likely to address challenges seen across multiple parts of the tourism system in a strategic and impactful way. For example, this could include investments that will benefit multiple regions, businesses, and infrastructure types. These projects are likely to have cross-cutting or wide impacts beyond just tourism.

Nationally significant investments are projects which contribute to significant system change within New Zealand's tourism sector.

Funded projects should:

1. help manage or protect places and deliver kaitiakitanga (for example, by reducing congestion, protecting the environment, and/or improving resilience)
2. help the industry reinvest in place (for example, through revenue mechanisms or restorative or regenerative projects)
3. have transformative or network effects (for example, by addressing themes in Destination Management Plans, creating shared services, or pilots/feasibility projects that have transformative or network potential)
4. help the industry to 'tread lightly' (particularly in terms of carbon, infrastructure and transport).

Nationally significant investments will:

- be applied to projects where there is a disproportionately high number of visitors to ratepayers, or
- have a wide-reaching or positive network effect for the tourism system, or
- create wider knock-on benefits through at place investments for the tourism system, or
- have a long-term view to move the system forward (as opposed to maintaining the current system).

Priority Area 2: Co-ordinated approach to addressing shared tourism system challenges

Some issues currently present within the tourism system are too large to be managed or tackled by individual tourism businesses, and/or it is difficult to invest in a co-ordinated manner. Similarly, these issues may be significant but there are little to no incentives for a single firm or business to attempt to resolve the issue because the benefits will be felt more broadly across the tourism system. It is likely that not addressing these shared challenges is reducing the tourism sector's productivity, decreasing cultural capability and social licence, and increasing environmental impact.

A more co-ordinated approach to addressing shared tourism system challenges is defined as club or industry goods.

Funded projects should:

1. provide direct benefit to a large portion of the sector (industry, local government, and/or central government)
2. be more efficiently delivered collectively, or without collective effort would not be available.

A co-ordinated approach to addressing shared tourism system challenges will:

- support or make investments that:
 - address systemic challenges which are too large or too distributed to be tackled by individual firms
 - support growth in productivity for the sector, increase cultural capability and social licence, or reduce environmental impact
- encourage collaboration between and across the sector to deliver benefits for the entire sector, or
- operate as funder where other sources of funding are not feasible, or
- focus on broad change that will provide benefits across the tourism sector or system (as opposed to just the firms or operators who may support project development).



Conservation investment statement

The IVL will invest in projects that support the two conservation pillars of: protecting and restoring indigenous biodiversity; and responding to visitor pressures on conservation and the environment

Investments in the conservation portion of the IVL fund will be divided between two pillars. **Protecting and restoring indigenous biodiversity** will receive between 70 and 90 per cent of funding over a five-year period while **responding to visitor pressures on conservation and the environment** will receive between 10 and 30 per cent. Allocating a larger share of funding to the biodiversity pillar reflects both the value international visitors place on experiencing New Zealand's unique environment and the urgency and scale of the biodiversity crisis.

These priorities complement existing funding sources (predominantly Crown funding) by ensuring that the highest priority activity is funded that bears a direct relationship to the overall purpose of the IVL, enabling baseline funding to be directed at other non-IVL related activity.

There are four priority investment areas sitting under each pillar.

Pillar 1: Protecting and restoring indigenous biodiversity

New Zealand's natural and historic heritage, landscapes and species are a primary drawcard for international visitors and form the basis of our international image and reputation.

The image of New Zealand presented internationally is invariably somewhere on the public conservation lands and waters managed by DOC. Funding biodiversity is a way for the IVL to support this image and ensure international visitors are contributing to the protection of the environment they are coming to enjoy.

Understanding threats to biodiversity and how to manage them

This priority aims to provide the information we need to protect and restore indigenous biodiversity. This could include research, data gathering, insights and analysis of threats.

Delivering interventions to protect indigenous species

This priority aims to restore the mana of taonga species, protect species from extinction and, ensure populations are healthy and resilient. This could include funding species recovery work and predator control.

Delivering landscape scale ecosystem management

This priority aims to support the mauri of ecosystems to thrive, to protect and secure a full range of indigenous ecosystems for future generations, and restore the health, integrity and connectivity of ecosystems. This could include restoration and native planting, and the removal of pest species.

Delivering nature-based solutions to the impacts of climate change

This priority aims to ensure thriving biodiversity plays a central role in our approach to mitigating climate change. This could include re-establishing wetland areas and native planting for flood prevention.

Pillar 2: Responding to visitor pressures on conservation and the environment

Increasing visitor numbers have increased demand for facilities and infrastructure that support visitation to conservation lands. Investments in this pillar support DOC to ensure the costs of infrastructure are met by those who benefit from it, and that the right infrastructure and management tools are in place to manage visitor impacts.

Understanding visitor impacts and how to manage them

This priority aims to provide the information we need to respond to visitor pressures on conservation and the environment. This could include research, data gathering, insights and analysis of visitor impacts.

Enhancing cultural heritage and protecting the natural environment from visitor impacts

This priority aims to mitigate or reduce pressures from visitors on places managed by DOC. It also aims to support visitors to consider New Zealand's natural, cultural and historic places and their experiences of them to be among the best in the world. This could include investing in infrastructure to lessen impacts or providing interpretation at cultural and historic sites.

Delivering system level responses to visitor pressures

This priority aims to ensure pressures that are seen across multiple areas are addressed in a systematic way. This could include large scale or innovative projects and implementing new approaches to visitor management.

Transitioning to a low emissions and resilient heritage and visitor system

This priority aims to ensure DOC's heritage and visitor system operates with low emissions and is resilient in the face of climate change. This could include reducing emissions by investing in new technology or implementing other visitor related actions from DOC's emissions reduction plan.



Tourism investment process and funding opportunities

The IVL fund will support strategic, additive projects across the tourism sector

Tourism investments will be additive to work programmes across the government and the tourism sector. Projects will be sought from across both the private and public sectors. All projects will be assessed under the same set of criteria.

Horizon scanning and project identification

MBIE officials will collaborate and engage in horizon scanning with stakeholders and partners to find projects by identifying issues and opportunities across the tourism sector that align with the IVL priorities and investment statement. These stakeholders and partners will include industry, communities, businesses, local government and representatives of iwi, hapū and whānau. In particular, MBIE officials will work with relevant Māori stakeholders to ensure Māori rights and interests are reflected in the proposals prior to funding allocation where appropriate.

MBIE officials will develop a shortlist of funding opportunities or projects which may be considered for investment. Eligible projects must demonstrate clear and robust alignment with the aims of the IVL and Tourism Investment Statement and priorities. Proposals do not need to meet **all** conditions set out in the IVL's aims or Tourism Investment Statement, but must show clear alignment.

Shortlisted projects will be sourced and funded in one of three ways (see Figure 1).

Figure 1: Methods of project identification for tourism IVL projects



- **MBIE-led procurement process:** In some cases, the horizon scanning process will identify the most appropriate solution to a challenge. In these instances, MBIE will use the government's procurement process to identify the most appropriate project delivery partner for a specific IVL project. More information on this process can be found on the New Zealand Government Procurement website (<https://www.procurement.govt.nz/procurement/principles-charter-and-rules/government-procurement-rules/>).
- **Challenge funding round:** MBIE may open challenge funding rounds where a broad issue has been identified with the sector and is looking for a partner to address the problem. Applicants are welcome to submit a proposal (via an Expression of Interest) for the challenge funding round.
- **Government-led project:** Funds from the IVL may be used to support projects from across government.

To receive funding, successful applicants must meet applicant eligibility criteria and will be assessed against assessment criteria, both of which are set out below.

In each instance, delivery partners will produce a business case to demonstrate how funds will be spent. Funded proposals will also have regular assessment periods built into their design.

Applicant eligibility

All potential IVL projects will be assessed through agreed eligibility criteria. Investments should be delivered by an individual or entity that is able to demonstrate a New Zealand presence.

Assessment criteria for tourism projects

Projects that are considered eligible will be assessed against the full range of criteria. These criteria apply to all IVL projects regardless of how the proposed investments are identified or sourced.

All projects must meet criteria 1 and 2.

1. **Applications for this fund must demonstrate significant positive outcomes in line with the Tourism Investment Statement.** Proposals should also acknowledge risks, impacts and explain mitigating factors. Proposals should demonstrate not only how they have a positive outcome for tourism in general but how delivery will support the priorities identified in the IVL Tourism Investment Statement.
2. **Proposal has well developed delivery method.** A project will not receive funding if it does not have a well-developed and appropriate delivery mechanism included as part of the project design. MBIE may choose to work with a delivery partner to refine delivery mechanism if they feel this is appropriate.

Projects should meet some or most of priority criteria 3 – 5. Proposals should indicate how they will achieve these goals as a priority. Proposals with closely aligned with the below criteria will be prioritised.

3. **Proposal has low or net-positive impact on New Zealand's climate and biodiversity.** New Zealand's natural beauty and climate are one of the key drivers of both domestic and international tourism. Any proposal seeking IVL funding should support the ongoing sustainability of these resources.
4. **Māori participation in a proposal for investment is as high as they wish it to be.** For example, where relevant an investment proposal led, co-designed or endorsed by Māori will be supported.
5. **Project reflects that IVL funding is primarily for initial investment and not operational funding, and, where relevant, demonstrates a funding path beyond the period of IVL funds sought.** The IVL fund has been developed primarily as a project investor and capital funder, and not an operational fund provider. Projects should demonstrate how they will self-fund or be financially sustainable for ongoing operation beyond the IVL investment.

Some types of projects will not be eligible to receive tourism funding

Recipients that would be delivered by an individual or entity outside of New Zealand with no ability to demonstrate a New Zealand presence are **not** eligible to receive IVL funding. The following projects are **not** eligible to receive IVL funding:

- Projects that don't align with the intent of the IVL or Tourism Investment Statement.
- Investment into new tourism attractions or experiences (including hospitality or accommodation businesses).
- Purchase of land.
- Upgrades to or new stadiums, convention centres and sports grounds.
- Marketing or brand development for tourism in New Zealand.
- Projects that are solely:
 - material sustainability upgrades to tourism businesses (for example, funding for a business to install solar panels)
 - discrete Destination Management Plan projects (for example, a localised project that would generate only local benefit).
- Strategies for regions, organisations or representative bodies.
- Projects that will not impact tourism in New Zealand.
- Projects which would be more appropriately funded through other government funding tools.



Conservation investment process and funding opportunities

DOC will undertake an annual internal project selection process. Given DOC is predominantly the sole developer/supplier/maintainer of conservation activities on public conservation land (including biodiversity protection), the conservation portion of the fund will not be open to external applications as a contestable fund. Although DOC may direct funding to external partners, it would identify these partners and projects through its existing operational mechanisms.

The internal project selection process will consist of two stages. In the first stage, potential projects are assessed against the eligibility criteria outlined below. Projects that meet the eligibility criteria will be invited to the second stage and asked to provide additional information for evaluating against the assessment criteria.

Based on the assessment, DOC will make recommendations to the Minister of Conservation (or Joint Ministers, depending on the level of funding) on which projects should receive IVL funding. The total amount of funding available is determined by the revenue collected in the previous year. Any funding that remains unallocated is carried over to the following year.

In exceptional cases, funding may be allocated in advance of the yearly funding cycle (such as in response to a natural disaster). However, the project must provide a justification for why it cannot wait for the next funding round.

Honouring Te Tiriti o Waitangi

Under section 4 of the Conservation Act 1987, DOC and the Minister of Conservation have a statutory obligation to give effect to the principles of the Treaty of Waitangi when carrying out their work. This includes DOC's administration and implementation of the conservation portion of the IVL.

Selection process

In the spirit of partnership, informed decision-making is a key principle in the project selection and assessment process. To ensure informed decision-making, projects will be required to provide analysis based on the principles of the Treaty. This is one of the eligibility criteria.

To give effect to the principle of active protection, projects will also be required to provide specific analysis of Treaty partner rights and interests at the assessment stage. This may require targeted engagement with whānau, hapū and iwi if the analysis has not been informed by previous engagement outside the IVL process. IVL projects also have the potential to be mutually beneficial to Māori and the Crown, which will be accounted for in assessing the benefits of the respective projects.

Implementation

How the projects selected for funding adopt a partnership approach in the ongoing implementation of project will depend on the nature of the project. Projects should outline how Treaty partners are to remain informed, as the extent to which DOC and Māori are involved in the ongoing delivery of each project will differ.

Eligibility criteria (internal selection of potential projects)

To be considered a project must first meet all of the following eligibility criteria:

- **The project aligns with one or more of the IVL investment priorities**
The project must be able to demonstrate how it links to the priorities.
- **The project will have significant impact at places which attract or are affected by international visitors or tourism**
The project must show how it links to international visitors and/or tourism.
- **The project would not be able to progress due to lack of funding without the IVL**
The project may have other core funded elements but must be able to show the additional outputs that would not be achievable without IVL funding.
- **The project has considered whole of life costs, and sources of funding have been identified if ongoing funding is required**
The project must show that it is either time-bound and doesn't require ongoing funding, or if ongoing funding is required, potential sources have been identified.
- **The project is not, or able to be, fully cost-recovered by users**
The project must demonstrate it is unable to fully recoup costs via a user pays model.
- **There will be quantifiable outputs from the project**
The project must be able to show what the expected benefits are.
- **The project has considered how it will give effect to the principles of Te Tiriti o Waitangi.**
The project must show how it will meet DOC's obligations under section 4 of the Conservation Act 1987.

Assessment criteria (determining which projects will be funded)

Eligible projects will then be evaluated using the following assessment criteria. The descriptions below indicate what each criteria aims to assess. DOC's internal assessment team will develop scoring methods for each. The assessment team will also consider the mix of projects when making its recommendations, e.g. the spread across priorities, geographies, innovation vs tried and tested.

- **Consistency with DOC's strategic direction.** Assesses the project against DOC's current strategies and priorities. This will include priorities for biodiversity and visitor management work identified through DOC's business planning processes and DOC's Climate Change Adaptation Plan. The criteria will adapt year-to-year based on updates to priority areas.
- **Cost effectiveness.** Assesses the project's impacts (based on quantifiable outputs), measured against its costs. This will include consideration of the project's ability to leverage other funding sources.
- **Ability to implement and project readiness.** Assesses the level of confidence in the project plan and ability to deliver it. This includes components such as implementation plan, risks, dependencies, monitoring and evaluation, budget etc. This also considers the extent to which the project puts additional pressure on wider DOC systems and teams.
- **Level of external support.** Assesses demand and/or support for the project from Treaty Partners and a range of stakeholders e.g. local government, tourism operators, the general public, and international visitors.

Decision making

Financial Delegations

Decision making on projects will be delegated to the appropriate level depending on the level of funding requested. This approach will streamline decision making while ensuring appropriate oversight.

Levels of Financial Delegation have been set so that an appropriate level of scrutiny is provided for larger investment decisions while ensuring that the investment process remains streamlined to allow for prompt decision making.

Tiered Financial Delegations – Total project spend¹	
Departmental Chief Executive or delegate approval	Up to \$1 million total project cost for projects aligning with priorities
Individual Minister approval	Between \$1 million - \$10 million total project cost for projects aligning with priorities
Joint IVL Ministers approval (Ministers of Finance, Tourism, and Conservation)	Between \$10 million - \$20 million total project cost for projects aligning with priorities
Cabinet decision	Over \$20 million total project cost for projects aligning with priorities

Officials will provide advice on projects seeking funding to the appropriate decision maker. This advice will be shared between relevant agencies.

Ministers will be provided with a regular summary of projects funded under the \$1 million threshold.

¹ Total cost refers to the 'whole of life' spend on a project. For some projects this will include operational expenditure over the life of the project. In other cases, this may mean that a project receives initial investment under one threshold (e.g., \$500k) but receives further investment which takes it over the next threshold (e.g., further investment of \$600k). In these cases, the total cost (e.g., \$500k + \$600k) would inform the appropriate level of decision making.

Monitoring, reporting and evaluation

IVL funding processes will be robust and transparent. To support this both MBIE and DOC investment processes will be subject to ongoing monitoring and reporting requirements.

Any IVL funding agreements will detail the obligations on the recipient for the duration of the project. All funding agreements will comprise of DOC's or MBIE's standard terms and conditions and the details of the individual project being funded, including (but not limited to):

- any conditions that are required by MBIE or DOC
- the total funding package (funds supplied by the recipient and the IVL)
- project tasks
- targets and measures
- payment terms
- reporting requirements
- record keeping requirements
- MBIE or DOC audit rights
- the duration of the funding agreement.

MBIE and DOC will monitor the implementation of projects and the use of the IVL funds, with the assistance of any other person that MBIE or DOC chooses to use for this purpose at its discretion. Among other things, successful recipients will be required to provide regular progress reports to MBIE or DOC and provide access to their records as required to audit use of the funding.

An annual performance report of the IVL investments, including an evaluation and an overview of achievements and outcomes for the year, will be provided to MBIE or DOC for inclusion in the reports to the Ministers of Finance, Tourism, and Conservation. This report will include financial reporting, tracking against milestones and expected investment benefits. It will also include risk reporting. The report will be made publicly available on the MBIE and DOC websites.





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