MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Introduction to the International Visitor Conservation and Tourism Levy

Date:	30 January 2025	**Priority:**	High
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0008302

Action sought		
	Action sought	**Deadline**
Hon Louise Upston **Minister for Tourism and Hospitality**	Agree to seek approval from the Minister of Finance to increase the appropriation immediately available for spending on tourism growth projects.	3 February 2025

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Danielle McKenzie	Manager, Tourism Stewardship and Systems	Privacy of	✓
Amanda Harrison	Principal Policy Advisor	Privacy of	

The following departments/agencies have been consulted

Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
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BRIEFING

Introduction to the International Visitor Tourism and Conservation Levy

Date:	30 January 2025	**Priority:**	High
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Purpose

To introduce you to the International Visitor Conservation and Tourism Levy (IVL) and the opportunities for using it to support the Government's economic growth goals.

Executive summary

The IVL was introduced in 2019 to enable international visitors to contribute to the costs of tourism. The Government recently increased the amount of the IVL from $35 to $100 per eligible person which is expected to generate around $229 million per annum in revenue when visitor arrivals return to pre-COVID levels.

At the end of 2024, the Minister of Finance wrote to IVL Ministers (Conservation and Tourism) to outline her expectations for the IVL allocation and requested transparency of decision-making and reporting. The Minister has proposed that $35 million per annum will be available for discretionary tourism spending and requested an investment plan be finalised in February 2025. The Minister of Conservation has had a similar request.

$87.9 million of revenue collected to date for tourism projects has not been allocated, however majority of this revenue has not been carried over from previous financial years. The current appropriation contains $20.4 million in uncommitted revenue which is available to support your immediate tourism and hospitality growth priorities. Given the revenue unspent to date and the recent increase in the amount of the IVL, we recommend that you seek an increase to the current appropriation from the Minister of Finance to support the Government's immediate focus on tourism growth.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

a **Note** that the International Visitor Conservation and Tourism Levy (IVL) was introduced to enable international visitors to contribute to the costs of tourism and was recently increased from $35 to $100 per eligible person.

Noted

b **Note** the Minister of Finance has written to IVL Ministers outlining her expectations for IVL revenue expenditure going forward and will be seeking a meeting in February to discuss this.

Noted

c **Note** that all unspent revenue prior to the current financial year is no longer available to IVL Ministers, with $20.4 million remaining uncommitted for tourism for the current financial year.

Noted

d **Agree** to seek approval from the Minister of Finance to increase the current appropriation to support the Government's immediate tourism growth objectives.

Agree / Disagree

Privacy of natural persons

Danielle McKenzie
Manager, Tourism Stewardship and Systems
Labour, Science and Enterprise, MBIE

30/01/2025

Hon Louise Upston
Minister for Tourism and Hospitality

2025 / 02 / 02

The International Visitor Conservation and Tourism Levy enables visitors to contribute to the costs of tourism

1. The International Visitor Conservation and Tourism Levy (IVL) was introduced on 1 July 2019. It was established in response to large-scale annual growth in international visitors and ensures visitors to New Zealand contribute financially to the sustainability of our environment, infrastructure and tourism offerings.

2. The IVL, which was originally set at $35 per eligible person, is paid by most visitors to New Zealand (59 per cent of international arrivals) alongside the fee for their New Zealand Electronic Travel Authority (NZeTA) or visitor visa.

3. Some visitors are exempt from paying the IVL, including Australian citizens and permanent residents, diplomats and people from many Pacific Island nations.[1] These exemptions were applied due to the requirements of the Trans-Tasman Travel Arrangement, our close relationships with Australia and the Pacific Islands, and the practicalities with charging visitors who are not required to apply for a NZeTA.

4. As Minister for Tourism and Hospitality, you have various regulatory powers in relation to the IVL, including the ability to amend how the IVL operates. These regulatory powers are outlined in detail in **Annex One**. You are also jointly responsible, with the Ministers of Finance and Conservation (Joint IVL Ministers) for the expenditure and governance of IVL revenue.

The Government recently increased the IVL from $35 to $100 per eligible person

5. MBIE is required to review the amount or method of calculation of the IVL at least every five years[2]. In 2024, MBIE completed its first review of the IVL and consulted the public on options to increase it. Most of the 1,101 submitters supported increasing the IVL to $70 or $100. However, tourism stakeholders were concerned that an increase would negatively impact demand for travel to New Zealand at a time when the sector had not recovered to 100 per cent of pre-COVID arrivals.

6. Cabinet agreed to increase the IVL from $35 to $100 per eligible person effective on 1 October 2024 [CAB-24-MIN-0274 refers]. This is forecast to generate approximately $190 million per annum based on current visitor arrival numbers and $229 million per annum at 2019 visitor arrival numbers.

7. As of December 2024, we are not seeing a demand impact to visitor numbers from the increase to the IVL. However, given that the IVL is paid at the time of applying for a visa rather than at time of arrival, we do not expect to see the full impact on demand for some time yet.

8. Confidential advice to Government

   We understand the Minister for Arts, Culture and Heritage has reached out to you for a meeting and we will provide a separate briefing to support you for that meeting.

[1] Including American Samoa, Cook Islands, Fiji, Kiribati, Republic of Marshall Islands, Federated States of Micronesia, Niue, Nauru, Palau, Papua New Guinea, Pitcairn Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

[2] Section 399B of the Immigration Act 2009.

IVL revenue must be spent on conservation and tourism initiatives

9. IVL revenue must be spent on conservation, infrastructure used for tourism or other tourism related initiatives as required by section 399A of the Immigration Act 2009. The previous Government decided to split the revenue equally between tourism (with funding administered by MBIE) and conservation (with funding administered by the Department of Conservation). Examples of previous investments include:

    a. $5 million for the tourism data programme

    b. $5 million for the Regional Events Promotion Fund

    c. $4.7 million to support implementation of freedom camping reforms

    d. $8 million for the Kākāpō Recovery Programme

    e. $5 million for Cathedral Cove redevelopment

    f. $6 million to enhance and expand the Department of Conservation's network of short walks and day hikes.

10. Historically, IVL revenue has been used to fund one-off or time-limited projects. However, as part of Budget 2024, Ministers decided that IVL revenue would fund a portion of the ongoing baseline for the following:

    a. Tourism New Zealand ($13.899 million per annum, 13 per cent of its appropriation)

    b. Ngā Haerenga New Zealand Cycle Trails Great Rides ($8 million per annum, 100 per cent of its appropriation).

IVL revenue can support the Government's export growth objectives

There is currently some unallocated IVL revenue

11. Since its introduction in 2019, the IVL has generated around $240 million, which was much lower than anticipated due to the impact of COVID-19. The following revenue has already been invested in and/or committed to projects out to 2028/2029:

    a. $122.097 million for tourism projects

    b. $98.394 million for conservation projects

    c. $22.436 million in administration costs (bank fees and fund management costs).

12. A full list of the tourism and conservation projects funded, or committed to, is provided at **Annex Two**.

13. We understand that decisions taken at Budget 2024 mean that any unspent revenue prior to the current financial year (approximately $67.5 million for tourism) will not be carried over for spending on tourism projects. This means that the remaining uncommitted revenue in the current appropriation amounts to $20.4 million ($31.968 million less $11.565 million in existing commitments).

14. Given the large value of unspent revenue for tourism to date and the recent increase to the amount of the IVL, we recommend that you seek an adjustment to the appropriation from the Minister of Finance to support the Government's immediate tourism growth objectives. This would increase the amount of immediate funding available to you in the 2024/25 financial year beyond $20.4 million. The Treasury have advised that such an increase is unlikely as it would lead to a negative fiscal outcome for the Crown, however we consider there is merit in

presenting the Minister of Finance with scalable options through your Tourism Growth Roadmap. There is a strong support and expectation from the tourism and hospitality sectors that the increase in revenue will be used to deliver on the objectives in the Tourism Growth Roadmap.

The Minister of Finance has outlined plans for the ongoing allocation of IVL revenue

15. At the end of 2024, the Minister of Finance wrote to IVL Ministers to outline her expectations for the allocation of IVL revenue going forward (letter attached as **Annex Three**). The letter sets out the following intentions for 2025/26 onwards:

    a. $35 million per annum will be available for discretionary tourism spending, and

    b. existing baseline funding allocated to Ngā Haerenga New Zealand Cycle Trails and Tourism New Zealand will continue to be funded (a total of $21.9 million per annum).

16. We understand that the Minister of Conservation has been informed of a similar amount of revenue allocated for conservation spending.

17. There are a small number of pre-committed tourism projects which will need to be funded through the $35 million in discretionary spend in future years ($7.333 million in 2025/26, $0.590 million in 2026/27 and $0.500 million in 2027/28). However, you may wish to reconsider the forward commitments for some of these projects given the limited spending available to support the Government's tourism growth goals. The specific projects with forward commitments are detailed in **Annex Two**.

18. In addition, the Minister of Finance requested the former Minister for Tourism and Hospitality present an investment plan outlining the intentions for the discretionary spending for the 2025/26 financial year by the end of February 2025. The Minister of Finance has identified key objectives for that investment plan to support the Government's economic growth goals:

    a. **Visitor numbers:** Increasing visitor numbers to maximise the economic contribution tourism makes to New Zealand:

        i. Prioritise recovery and growth of visitor numbers.

        ii. Reduce seasonal visitor variance in high variance regions by transforming New Zealand into a year-round destination.

        iii. Identify high-growth potential countries and grow the market share of visitors from those countries.

        iv. Increased infrastructure capacity to attract and support visitors.

    b. **Sustainable growth:** Enhancing the visitor experience, managing the impact on the conservation estate and retaining public consent to allow for continuous growth:

        i. Preserve and enhance a world class conservation estate.

        ii. Enhance regional dispersal of visitors outside the main tourist centres.

        iii. Retain and enhance the social contract.

    c. **Delivering high value investment:** All investments funded by the IVL need to demonstrate robust value for money and alignment with overall Government priorities, including:

        i. Strong investment discipline.

        ii. Whole of life costing.

        iii. Cohesive decision-making process.

[redacted]

Immediate opportunities for you in relation to the IVL

22. There are a number of immediate opportunities for you to use the IVL to pursue the Government's economic growth goals and your objectives for the Tourism and Hospitality portfolio. These opportunities include:

    a. Allocating the existing uncommitted revenue to projects (approximately $20.4 million). This funding is available immediately and we understand that it should be invested or committed within the current financial year otherwise it will be reallocated through future Budgets.

    b. Presenting your IVL Investment Plan to Joint IVL Ministers for 2025/26 to outline your intentions for spending the $35 million allocation for that financial year. That funding will be available to draw down in July 2025.

    c. Developing a long-term vision for using the IVL to support and manage tourism export growth in New Zealand, which can form the basis of future years' investment plans.

23. We recommend that investment of existing uncommitted revenue and the discretionary revenue available for 2025/26 be directed exclusively to projects which will support the Government's export growth goals. Further information on these potential projects is outlined in a separate briefing to you (BRIEFING-REQ-0008437). As noted earlier, we also recommend that you seek an adjustment of the appropriation for the current financial year from the Minister of Finance to further support these projects.

24. If you wish to take immediate decisions on IVL investment, the following financial delegations apply to IVL expenditure and will determine the level of approval needed:

Table One: Financial Delegations for IVL expenditure

Value of investment/project	**Decision-maker**
Up to $1 million total whole of life project cost	Departmental Chief Executive or delegate approval
Between $1 million and $10 million total whole of life project cost	Individual Minister approval
Between $10 million - $20 million total whole of life project cost	Joint IVL Ministers approval (Finance, Tourism and Hospitality, Conservation)
Over $20 million total whole of life project cost	Cabinet

Next steps

25. We understand the Minister of Finance will seek a meeting with you and the Minister of Conservation soon to discuss her letter of 29 December 2024 and to confirm the allocation of IVL revenue.

26. Following confirmation of your priorities for IVL investment, which MBIE is seeking through a separate briefing (BRIEFING-REQ-0008437), we will initiate relevant decision-making processes in line with the financial delegations for the IVL and prepare a draft IVL Investment Plan for 2025/26.

27. We will also brief you separately in advance of your meeting with the Minister for Arts, Culture and Heritage.

Annexes

Annex One: The Minister for Tourism and Hospitality's regulatory powers in relation to the IVL

Annex Two: Tourism and conservation projects funded, or committed, to date.

Annex Three: Letter of 29 December 2024 from the Minister of Finance to the former Minister for Tourism and Hospitality regarding allocation of IVL revenue

Annex One: The Minister for Tourism and Hospitality's regulatory powers in relation to the IVL

1. The IVL is given effect via the Immigration Act 2009 and Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010 (the Regulations).

2. As Minister for Tourism and Hospitality[3], you have ministerial power over section 403A of the Act in respect of regulations made for the purposes of sections 399A and 399B, which cover the IVL:

    a. Section 399A of the Act details the purpose of the levy, the purpose of regulations to support the collection of the IVL and powers that you have to exempt or refund all or part of the levy. It states that the levy must be paid into a Crown Bank Account. Section 399A states that "regulations made for the purposes of this section may:

        i. specify the categories or classes of person who are liable to pay the IVL

        ii. prescribe the amount or method of calculation of the levy

        iii. prescribe different amounts or methods of calculation of the levy in respect of different categories or classes of person

        iv. provide for exemptions from, or refunds of, all or part of the levy in any class of case[4]

        v. provide for the manner of collection of the levy, including provision for the relevant amount of the levy to be deposited with the chief executive."

    b. Section 399B of the Act details the parameters you have to consult on and review the IVL:

        i. Section 399B(1) states that before any changes are made to the Regulations, you "must consult any persons and organisations that the Minister considers appropriate."

        ii. Section 399B(3) states that "at intervals of no more than 5 years... the Department must review the amount of method of calculation of any international visitor conservation and tourism levy". (The Department' refers to the Ministry of Business, Innovation and Employment).

3. You also have ministerial power relating to sections 26AAD and 26AAE of the Regulations, which cover the IVL.

    a. Section 26AAD prescribes the IVL's amount, the liability of who is required to pay the IVL, and the mandate that the IVL is an additional payment on top of the visa application or NZeTA request.

    b. Section 26AAE provides a list of persons exempt from paying the IVL.

4. As Minister for Tourism and Hospitality, you can amend how the IVL operates but this requires approval from your colleagues. Table One below provides a high-level summary of the key decision-makers (either required to approve a decision or action it) and the potential changes to the IVL's operations.

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[3] As Minister for Tourism and Hospitality, you are responsible for exercising any of the functions, duties or powers of the Minister of Tourism.

[4] For example, the then Minister of Tourism refunded the IVL for people granted Recovery Visas to assist with recovery from Cyclone Gabrielle and the Auckland Floods.

Table One: Summary of key decision-makers and changes to the IVL

Who needs to approve or action?	**What are the choices?**
Parliament (and Cabinet)	Changes to the Act (e.g. purpose of the IVL)
Cabinet	Changes to the Regulations (e.g. who is liable to pay and how much) Changes to previous Cabinet decisions (e.g. who is a Joint IVL Minister)
Joint IVL Ministers	Changes to the expenditure proposals and governance of the IVL (e.g. development of IVL Investment Plan, financial delegations)
Minister for Tourism and Hospitality	Determine who to consult with (person or organisations) should they wish to amend the Regulations
MBIE	Review the amount or method of calculation every 5 years

Annex Two: Tourism and conservation projects funded, or committed, to date

Project	Total funding committed to 24/25 ($thousands)	Total funding committed from 25/26
Tourism Total	**122,097**	
Milford Opportunities Project Stage 2 - Masterplan	3,000	
Building the Tourism Workforce Stage 1 - Go with Tourism	5,122	
Go With Tourism (GWT)	1,382	
Westland Destination Management Stage 1 - Fox Glacier	3,900	
Arthur's Pass Destination Management Stage 1 - Development of co-design approach	300	
Tourism Data Programme	3,041	2,039
Building the Tourism Workforce Stage 2 - Research Programme	-	
Local Revenue Tools: Development of guidance on local revenue tools and smart infrastructure to support sustainable tourism.	-	
TRENZ Connect	1,550	
Freedom Camping Vehicle Register	1,228	
Regional Tourism NZ (RTNZ) Destination Management Plans	600	
i-SITE Network	1,775	1,200
Business Events Industry Aotearoa	400	
Freedom Camping Implementation of reforms	3,509	1,184
Electrifying the New Zealand Cycle Tail	3,000	
Regional Events Promotion Fund	2,500	2,500
International Visitor Conservation and Tourism Levy investment in Ngā Haerenga New Zealand Cycle Trails Great Rides	8,000	32,000 (baselined)
Tourism New Zealand, Marketing New Zealand as a Visitor Destination – return of funding	145	41,721 (baselined)
Investment in NCEA programme of learning for tourism	500	1,500
Conservation total	**98,394**	
Kākāpō Recovery Programme	**7,274**	
Maukahuka Pest Free Auckland Island	**1,500**	
Regulatory Compliance - Building Capacity and Capability for Conservation Law Enforcement	**11,121**	
Ruapekapeka Pā	**1,037**	
Te Manahuna Aoraki Landscape Scale Restoration	**1,500**	
Visitor Safety System Trial and Pilot	**380**	
Hauraki Gulf marine protection	**198**	
Lake Waikaremoana Great Walk reopening, reimagining and Te Urewera pest control plan	**1,730**	
Tongariro Alpine Crossing sustainable management project	**1,830**	
National Wilding Conifer Control Programme	**8,050**	

Biodiversity Investment Approach project	***2,240***	
Te Manahuna Aoraki project	***575***	
5 Minute Bird Count data upgrade	***214***	
Connections for Conservation – Treaty Partner and stakeholder relationship management software improvements	***95***	
Discover the Outdoors upgrade	***110***	
Geographic Information Systems upgrade	***259***	
New Zealand Threat Classification System upgrade	***124***	
DOC website upgrade	***621***	
Marine reserve monitoring data improvements	***84***	
IVL fund management (advice, allocation and reporting)	***442***	
Redeveloping and maintaining the track at Cathedral Cove	***5,000***	
Continuing delivery of the Tongariro Alpine Crossing Sustainable Management Plan	***1,880***	
Enhancing existing iconic short walks and day hikes	***6,000***	
Increasing efforts to keep Aotearoa free of sea spurge	***1,280***	
Foundational work for the eradication of pigs, cats and mice from Auckland Island / Maukahuka	***3,650***	
Huts of Recreational Importance	***4,200***	
Nationwide campaign to connect New Zealanders to nature	***5,000***	
Expanding landscape scale predator control in National Parks and popular visitor areas	***9,500***	
Deer and goat management in National Parks and popular visitor areas	***3,500***	
Stop the spread and remove wilding conifers from iconic landscapes	***3,500***	
Manage weeds at iconic sites	***1,500***	
Stop spread of Wallabies into Iconic landscapes	***1,000***	
Addressing pressures at our popular visitor sites	***13,000***	
Administration costs total	***11,064***	
IVL Tourism Fund management (Incl IVL Advisory Group)	*2,961*	
IVL Conservation Fund management	*2,846*	
IVL Bank Fees	*5,257*	
TOTAL ALLOCATED TO DATE	***220,491***	

Annex Three: Letter of 29 December 2024 from the Minister of Finance to the former Minister for Tourism and Hospitality regarding allocation of IVL revenue

Attached as separate document

Hon Nicola Willis

Minister of Finance
Minister for the Public Service
Minister for Social Investment
Associate Minister of Climate Change

29 December 2024

Hon Matt Doocey
Minister for Tourism and Hospitality
Parliament Buildings

Dear Matt

I have considered advice from Treasury officials regarding the allocation of the additional revenue that will be created following Cabinet's decision to increase the International Visitor Conservation and Tourism Levy (IVL) to $100 per person. I wish to take the opportunity to set out my expectations for how this funding should be allocated, particularly as the updated forecasts already show a reduction in predicted revenue over this and the next financial year as visitor numbers continue to recover at a slower than expected rate. I can confirm my intent to continue to allocate all IVL revenue within the Tourism and Conservation portfolios, consistent with the purposes of the IVL.

International tourists to New Zealand enjoy visiting our natural and public spaces, and in return provide significant economic and cultural benefits. Preserving our ability to sustainably fund public goods and mitigating any negative impacts on the conservation estate due to tourism is important to protect and enhance the visitor experience, and to retain public consent for relatively high visitor numbers. Successfully doing so will help ensure a sustainable and productive tourism sector that makes a positive contribution to our natural environment, a key part of our overall export strategy. Therefore, my intention is to extend the use of IVL revenue to fund these activities.

Allocation of additional IVL revenue

The additional revenue generated by the new IVL rate allows us to consider new ways to support and enhance the vital contribution the tourism sector makes to our overall export strategy. I intend to allocate an additional $15 million per year for new investment within the Tourism portfolio. This will commence from the 2025/26 year onwards and bring the total available for discretionary investment up to $35 million per year – almost double current levels.

To provide certainty and maximise the value of investment decisions this level of funding will be baselined, guaranteeing an appropriate level of Government support for the sector. This will be delivered through the *Tourism Strategic Infrastructure and System* appropriation, which going forward will be used to fund new investments only.

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	2025/26	2026/27	2027/28	2028/29
Tourism and Hospitality: Tourism Strategic Infrastructure and System Capability ($m)	35	35	35	35

As well as continuing to fund New Zealand Cycle Trails any remaining additional tourism IVL revenue will be allocated to the *Marketing of New Zealand as a Visitor Destination* appropriation. This will enable us to place this valuable activity on a sustainable fiscal footing and allow scarce Crown resources to be deployed elsewhere. These activities will retain their current overall levels of funding, but the proportion funded by IVL revenue will vary year to year.

Objectives for investment

Going forward I will be establishing a process to set direction on shared priorities for the Tourism and Conservation portfolios. From 2025/26 this significantly enhanced level of investment will be targeted at the following objectives.

Visitor numbers

Increase visitor numbers to maximise the economic contribution tourism makes to New Zealand:

- Prioritise recovery and growth of visitor numbers.
- Reduce seasonal visitor variance in high variance regions by transforming New Zealand into a year-round destination.
- Identify high-growth potential countries and grow the market share of visitors from those countries.
- Increased infrastructure capacity to attract and support visitors.

Sustainable growth

Enhance the visitor experience, managing the impact on the conservation estate and retaining public consent to allow for continuous growth.

- Preserve and enhance a world class conservation estate.
- Enhanced regional dispersal of visitors outside of the main tourist centres.
- Retain and enhance the social contract.

Delivering high value investment

All investments funded by the IVL need to demonstrate robust value for money and alignment with overall Government priorities, including:

- strong investment discipline
- whole of life costings
- cohesive decision-making process.

Please instruct your officials to develop a 2025/26 Investment Plan reflecting these objectives and the increased level of funding for me to consider by the end of February. To ensure this investment provides maximum value this process will be formalised going forward. The current delegated decision limits will still apply.

Given the uncertainty over the level of actual revenue this year existing spending plans for 2024/25 will continue to apply.

Governance and decision making

We need to ensure we give levy payers and the wider public clarity over how IVL revenue is spent and assurance that Government investment decisions are creating maximum value. Please instruct your officials to develop proposals for a new bi-annual public reporting process aligned with the existing fiscal update cycle, working with Treasury and the Department of Conservation. This should set out in a transparent manner the level of forecast & actual IVL revenue, how that revenue is allocated each year and detail on investment performance.

These changes will be confirmed through the Budget 2025 process, to take effect from next financial year. To provide certainty to the sector I recommend we make public the allocation alongside the Budget 2025 process.

I have asked my office to find time for us to discuss our collective priorities and public handling at the earliest possible opportunity.

Yours sincerely,

Privacy of natural persons

Hon Nicola Willis
Minister of Finance