MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

International Visitor Conservation and Tourism Levy (IVL) – immediate investment opportunities

Date:	7 February 2025	**Priority:**	High
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0009069

Action sought		
	Action sought	**Deadline**
Hon Louise Upston **Minister for Tourism and Hospitality**	**Agree** to the immediate IVL investment priorities to accelerate travel demand to New Zealand	10 February 2025

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

The following departments/agencies have been consulted
Tourism New Zealand

Minister's office to complete:

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- ☐ Withdrawn

Comments

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Purpose

To outline a proposed Investment Plan for the $20.4 million in unspent revenue from the International Visitor Conservation and Tourism Levy (IVL) for 2024/25. You are also meeting the IVL Ministers on Monday, 10 February and you will be able to seek feedback on your immediate investment priorities to accelerate international demand for travel to New Zealand.

Executive summary

The IVL revenue is your primary tool for delivering the Tourism Growth Roadmap and supporting the Government's Economic Growth goals for tourism. The IVL Investment Plan 2024/2025 proposes a range of international marketing activity to accelerate an increase in international travel to New Zealand. The proposals have been developed in partnership with key leaders in the tourism industry. You have a meeting with IVL Ministers on Monday and you have the opportunity to seek verbal agreement to your proposals to allocate $20.4 million this financial year. It is a priority to get a quick decision on the Australia Autumn campaign ($0.5 million) so that Tourism New Zealand (TNZ) can activate commercial activity offshore with tourism industry partners. The paper also proposes opportunities for IVL investment for 2025/2026, including continuing marketing activity to accelerate demand in the medium-longer term horizon, and it outlines some proposed supply side activity, such as infrastructure investment.

Recommended action

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

a **Note** that $20.4 million of International Visitor Conservation and Tourism Levy (IVL) revenue remains unallocated for tourism for 2024/25.

Noted

b **Agree** to allocate the remaining $20.4 million in IVL revenue to the following Tourism Growth Roadmap demand initiatives for the IVL 2024/2025 Investment Plan, which will support the Government's objectives to grow tourism in the short-term:

Activity	Projected 24/25 cost	*Agree / Disagree*
a) International Marketing - Tourism New Zealand Accelerated Australia Autumn activity	$0.5 million	*Agree / Disagree*
b) International Marketing - Tourism New Zealand international marketing in our core markets (Australia, USA, China), mid-sized markets (United Kingdom, Germany and Korea) and emerging markets (India), including activity to accelerated arrivals in Winter/Spring	$7.5 million	*Agree / Disagree*
c) Regional Tourism Boost – contestable fund to support regions to attract more international visitors	$3.0 million	*Agree / Disagree*

d) Accelerate global launch of new global 100% Pure New Zealand campaign	$6.0 million	*Agree / Disagree*
e) Tourism New Zealand business event bids and subvention for events to be held in 2026	$3.0 million	*Agree / Disagree*
f) Contingency Confidential advice to Government Confidential advice to Government	*$0.4 million*	*Agree / Disagree*
Total	**$20.4 million**	

c **Note** Tourism New Zealand need budget approval and certainty to activate any campaign activity and enter contracting discussions with commercial partners. TNZ is ready to activate the Australia Autumn activity campaign launch on Monday 17 February, if they receive confirmation of funding decision on Monday 10 February. Confirmation of funding later than this will mean the launch date will need to be pushed back.

Noted

d **Note** Tourism New Zealand will need decisions on the remainder of the proposed FY24/25 expenditure as soon as possible in order to be able to deliver effectively on proposed commercial activity in this financial year.

Noted

e **Note** you are meeting with the Ministers of Finance and Conservation (Joint IVL Ministers) to discuss IVL revenue and investment on Monday, 10 February 2025 at 3:30pm. Tourism officials will support you at that meeting.

Noted

f **Agree** to discuss your plan for allocating the unspent IVL revenue for tourism for 2024/25 with Joint IVL Ministers at your meeting (**Annex Two** is provided to support that discussion).

Agree / Disagree

g **Note** the Minister for Economic Growth may wish to announce IVL investment into one or more tourism initiatives in her first strategic address for the new portfolio on 13 Feb. You may wish to confirm any initiatives for that announcement in the IVL Ministers meeting.

Noted

h **Agree** to outline the investment opportunities you are considering for IVL revenue for tourism for 2025/26 at your meeting with Joint IVL Ministers (**Annex Three** is provided to support that discussion).

Agree / Disagree

Privacy of natural persons

Danielle McKenzie
Manager, Tourism Stewardship and Systems
MBIE

07 / 02 / 2025

Hon Louise Upston
Minister for Tourism and Hospitality

25 / 02 / 11

Background

1. In our recent advice to you (BRIEFING-REQ-0008302) we outlined the status of the IVL appropriation allocated to tourism for the current financial year (2024/25) and beyond. We noted that the appropriation contains $20.4 million in unspent revenue which is available for immediate investment to support your priorities for the portfolio. **Annex One** summarises the IVL appropriations, commitments and unallocated IVL revenue.

2. We also advised you separately (BRIEFING-REQ-0008437) on a range of potential initiatives which could support the Government's tourism growth objectives. Those initiatives all support an increase in visitor numbers in the short-term, but only some initiatives can be delivered in the current financial year (by June 2025). Tourism New Zealand (TNZ) initially looked at what activity could be brought forward. This paper outlines how the IVL can accelerate and scale up delivery of these initiatives with unallocated IVL revenue.

3. You are meeting with other Joint IVL Ministers (Finance and Conservation) on Monday, 10 February 2025 at 3:30pm. We recommend that you use the opportunity to outline your plans for the remaining unspent revenue for 2024/25. The Minister of Finance has also requested an investment plan for your proposed IVL expenditure for the next financial year, 2025/26, by the end of February 2025. The meeting also provides an opportunity for you to indicate your priorities for IVL revenue for 2025/26.

4. An investment plan for 2024/25 focused on immediate tourism growth is outlined further below and summarised as **Annex Two**.

5. An outline of potential investment opportunities and priorities you may wish to consider for your 2025/26 IVL investment plan is summarised as **Annex Three**.

Proposed IVL investment plan for unspent revenue in 2024/25

6. We understand you are interested in allocating the $20.4 million in unspent IVL revenue for 2024/25 to Tourism Growth Roadmap demand initiatives which will support the Government's tourism growth objectives, particularly accelerating marketing activity and visitor arrivals in the next 90-days. We have identified the following initiatives as the most impactful in terms of increasing visitor numbers while also being able to be delivered between now and June 2025:

Activity	Projected 24/25 cost
a) International Marketing - Tourism New Zealand Accelerated Australia Autumn activity	$0.5 million
b) International Marketing - Tourism New Zealand international marketing in our core markets (Australia, USA, China), mid-sized markets (United Kingdom, Germany and Korea) and emerging markets (India), including activity to accelerated arrivals in Winter/Spring	$7.5 million
c) Regional Tourism Boost – contestable fund to support regions to attract more international visitors	$3.0 million
d) Accelerate global launch of new global 100% Pure New Zealand campaign	$6.0 million
e) Tourism New Zealand business event bids and subvention for events to be held in 2026	$3.0 million
f) Contingency Confidential advice to Government Confidential advice to Government	*$0.4 million*
Total	**$20.4 million**

7. Confidential advice to Government

8. The projects are outlined in further detail below with most being scalable depending on priorities. You have authority to make investment decisions for projects up to $10 million in value, with projects over $10 million requiring approval by joint IVL Ministers. All project decisions fall within your delegated decision-making authority for the IVL. We recommend you discuss the immediate Tourism Growth Roadmap investment priorities and seek verbal agreement for the activities to proceed as soon as possible to ensure delivery within the 2024/2025 financial year. Officials can follow up with briefings to joint Ministers for written approval if required.

International Marketing - Tourism New Zealand accelerated Australia Autumn activity ($0.5 million)

9. A targeted Australian campaign is a high priority to deliver on your Tourism Growth Roadmap 90-day plan to drive international tourism growth. TNZ is currently preparing to accelerate an immediate Autumn marketing campaign to our largest visitor market, Australia. Pending your agreement to allocate funding of $0.5 million from the IVL for the Australia campaign, and a possible announcement by yourself and the Minister of Economic Growth on Thursday 13 February, TNZ is ready to host an industry webinar on Friday 14 Feb to rally the industry behind its Australia campaign and can launch the campaign on Monday 17 February. Confirmation of funding later than Monday 10 February will mean the launch date for the campaign will be pushed back accordingly.

International Marketing - Tourism New Zealand Accelerate Activity in our Core Markets, Mid-sized Markets and Emerging Markets ($7.5 million)

10. TNZ has advised that they can accelerate international tourism marketing activity to priority markets to activate arrivals over New Zealand's Winter and Spring. These include:

    a. Core markets – Australia, China and the USA

    b. Mid-sized Markets – United Kingdom, Germany and Korea

    c. Emerging markets – India

11. International marketing is our primary lever for increasing international visitors with 14 per cent of our international holiday visitors directly influenced by TNZ marketing. Targeting marketing activity at our core markets is likely to have the most immediate impact on tourism growth as these markets have the greatest potential consideration and fastest turn-around time on visitation.

12. IVL funding of $7.5 million will upweight paid and earned media and investment in joint venture conversion partnerships with airlines and trade partners. TNZ advise that this marketing activity can be scaled depending on budget availability.

Regional Marketing Fund ($3 million)

13. A contestable fund that will support regions to attract more international visitors and encourage dispersal of visitors around the country. Detailed policy work is still to be developed, however, it is likely this Fund will complement and leverage the marketing activity of Tourism New Zealand and we will explore opportunities for regional coordination, such as

through the Regional Tourism Organisations International Marketing Alliances. It will not require co-funding given the tight timeframes and local government funding cycles. The funding will be allocated this financial year but we expect a slightly longer time for activity roll out.

Accelerated launch of Tourism New Zealand's new global 100% Pure New Zealand Campaign ($6m)

14. A new 100% Pure campaign is a significant landmark, driven by consumer research the campaign continues the legacy of the 100% Pure brand and creates desire and demand for a New Zealand holiday.

15. Additional investment into marketing campaigns can increase our share of voice in a competitive tourism marketplace and enable scaling up of work with airline and travel trade partners across the globe to convert desire for New Zealand into arrivals.

Tourism New Zealand business event bids and subvention for events to be held in 2026 ($3m)

16. TNZ has advised that they can scale up the existing Conference Assistance Programme to deliver additional event bids in the current financial year. TNZ is discussing options to coordinate activity with Business Events Industry Aotearoa. This would capitalise on new conference facilities and also boost high spending visitor numbers in 2026. Business event visitors spend on average $177 more per day than other visitors.[1]

17. An additional investment of $3 million in the current financial year could deliver an estimated 20 additional event bids, with some of the funding being used towards subvention to increase the changes of winning existing bids. This budget would also enhance presence at key international events to drive leads, including at IMEX Frankfurt and Meetings APEC.

Commercial Information

Opportunities for your 2025/26 IVL Investment Plan

21. The Minister of Finance has requested a draft investment plan for 2025/26 by the end of February 2025. She has also set out her expectations in a letter to the former Minister for Tourism and Hospitality (attached as Annex Three to BRIEFING-REQ-0008302) which

[1] International Visitor Survey, year-end September 2024.

include that the tourism proportion of IVL funds be focused on tourism growth through increased visitor numbers and an enhanced visitor experience.

22. We recommend that your investment plan for 2025/26 focus on continuing and complementing investments made in 2024/25 to drive tourism demand. Activities which could not be delivered quickly in 2024/25 but which still carry potential to increase visitor numbers in the short term could be prioritised for 2025/26 expenditure, including further business events and international marketing activity, Confidential advice to Government major events funding (outlined in detail in BRIEFING-REQ-0008437). We have also outlined some supply side proposals for the investment plan. We have not costed these initiatives, except for the major events proposal. We can provide more detail on your preferred themes for investment following your meeting with IVL Ministers.

23. The opportunities for 2025/26 expenditure are briefly outlined in **Annex Three**, as well as an overview of the available appropriation, already committed revenue, opportunities to grow demand and opportunities to support the supply-side of tourism. We recommend you use this information in your meeting with Joint IVL Ministers to demonstrate the breadth of initiatives available to grow tourism demand and to enhance the visitor experience. Your meeting will also present an opportunity to indicate your priorities for 2025/26 which can then form the basis of your investment plan.

Long term demand side investment - Major Events Fund boost to secure events for 2026

24. A funding boost to the Major Events Fund would enable MBIE to pursue active prospects for events in 2026 and 2027. Prospecting work is usually undertaken with a three-to-five-year horizon, given the time required to bid, secure, fund, plan and deliver the events. However, there are eight active prospects for the 2026 calendar year that could potentially be funded.

25. Due to the Major Events Fund operating through a Multi-Year Appropriation, a funding boost (this financial year or next) can be used to pursue events in out years. The prospective events are listed in Table One below, with the amount of funding allocated to the Major Events Fund scalable depending on priorities across the range of initiatives outlined in this briefing:

Table One: Prospective major events for 2026 and early 2027

Confidential advice to Government

Confidential advice to Government

26. An investment assessment and due diligence on these events would be required before confirming any investment. It is also not guaranteed that the events will proceed even with Major Events Fund investment. However, a funding boost to the Major Events Fund Multi Year Appropriation would enable progress with these events and could be ringfenced to ensure the funding is allocated to events that directly attract significant volumes of international visitors, which is also aligned with the Major Events Strategy.

27. The Major Events Strategy ensures that major events drive economic benefits through international visitation and additional direct spend into the host region and country. Unlike with events that target domestic audiences, major events do not carry high domestic spend displacement impacts (money moving from one regional economy to another) as they target international audiences. The cost benefit analysis for major events includes accounting for any displacement effects.

28. Responsibility for, and decision-making within, the Major Events portfolio currently sits with the Minister for Economic Growth. Confidential advice to Government
Confidential advice to Government

Other potential investment opportunities focused on supply-side

29. There are some investment opportunities focused on supporting the supply-side of tourism which you may wish to consider for 2025/26 to complement efforts to increase visitor numbers. For example:

a. Confidential advice to Government

b.

c.

d.

e.

30. Confidential advice to Government

Next steps

31. If you agree to allocate unspent IVL revenue to any of the projects proposed for 2024/25, we will initiate those projects as soon as possible and provide further advice if necessary.

32. We recommend you outline your spending plans for 2024/25 and opportunities for 2025/26 at your meeting with Joint IVL Ministers on Monday, 10 February 2025. Following receipt of your feedback on the opportunities for 2025/26 expenditure, we will draft a proposed investment plan for you to share with the Minister of Finance.

33. We also understand that the Minister for Economic Growth is looking to announce tourism-related initiatives as part of an economic growth speech on 13 February 2025. Following your meeting with Joint IVL Ministers, we will look to confirm any decisions and key messages promptly for that announcement.

Annexes

Annex One: Summary of IVL appropriations and available funding

Annex Two: Summary of 2024/25 IVL Investment Plan

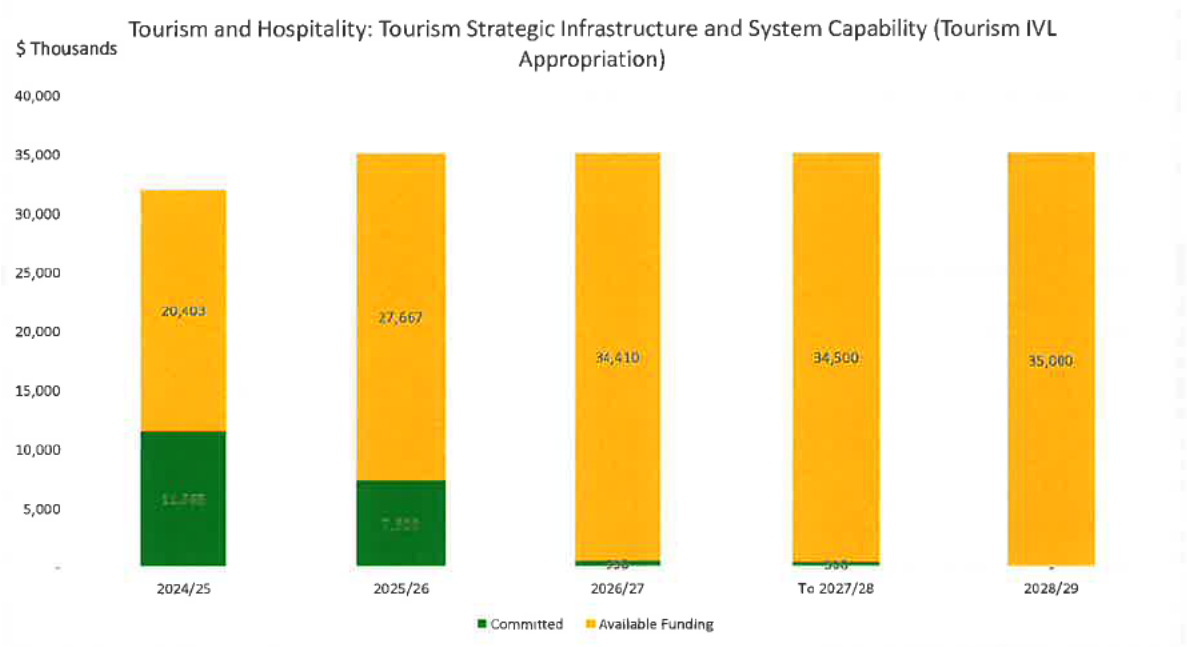
Annex Three: Opportunities for 2025/26 IVL Investment

Annex One – Summary of IVL appropriations and available funding

	2024/25	2025/26	2026/27	2027/28	2028/29
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Tourism and Hospitality: Tourism Strategic Infrastructure and System Capability (Tourism IVL Appropriation)	**31,968**	**35,000**	**35,000**	**35,000**	**35,000**
Electrifying the New Zealand Cycle Trail	(3,000)				
Regional Events Promotion Fund	(2,500)	(2,500)			
Tourism Data Programme	(2,851)	(1,949)	(90)		
Regional Tourism (RTNZ) Destination Management Plans (Professional Development)	(30)				
i-SITE Network	(800)	(1,200)			
Freedom Camping Implementation of Reforms	(1,884)	(1,184)			
Investment in NCEA Programme of Learning for Tourism	(500)	(500)	(500)	(500)	
Available Tourism IVL Funding	**20,403**	**27,667**	**34,410**	**34,500**	**35,000**

Other Tourism IVL Appropriations (Budget 24)	2024/25 $ thousands	2025/26 $ thousands	2026/27 $ thousands	2027/28 $ thousands	2028/29 $ thousands
IVL Administration Costs including Tourism Administration and Levy Collection[1]	2,213	3,293	3,293	3,293	3,293
Ngā Haerenga New Zealand Cycle Trails Great Rides	8,000	8,000	8,000	8,000	8,000
Tourism New Zealand	145	24	13,899	13,899	13,899
Total	**10,358**	**11,317**	**25,192**	**25,192**	**25,192**

[1] The amounts shown assume the March Baseline Adjustment (MBU) will increase the appropriation to cover the forecasted higher levy collection costs because of the levy increase from $35 to $100.

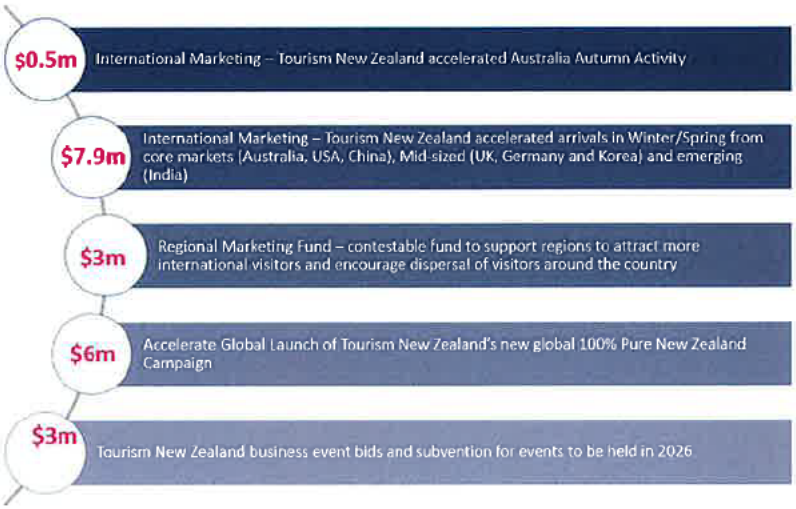

Tourism and Hospitality: Tourism Strategic Infrastructure and System Capability (Tourism IVL Appropriation)
$ Thousands
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
20,403
27,667
34,410
34,500
35,000
2024/25
2025/26
2026/27
To 2027/28
2028/29
Committed
Available Funding

Annex Two: Summary of 2024/25 IVL Investment Plan

1. The total IVL revenue allocation to tourism for 2024/25 is $31.968 million (this amounts to 50 per cent of revenue at the $35 levy amount less administration costs and bank fees).After existing commitments, $20.403 million remains available for spending on tourism projects for the remainder of 2024/25.

IVL Proposed Investment Plan 2024/2025

$20.4 million to implement Immediate Tourism Growth Roadmap – Demand Side priorities
To accelerate international travel demand to New Zealand



Annex Three: Opportunities for 2025/26 IVL Investment

Free and frank opinions