



Briefing: International Visitor Levy – Proposed Investment projects

To	Minister of Conservation	Date submitted	21 September 2023
Risk Assessment	Low The proposed projects align with the IVL Investment Plan 2023 priorities.	Priority	High
Reference	23-B-0418	DocCM	DOC-7452826
Security Level	In Confidence		

Action sought	Agree to fund the proposed investments projects	Timeframe	29 September 2023
Attachments	Attachment A – Information on proposed projects Attachment B – Assessment of projects against IVL eligibility criteria		

Contacts	
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Executive summary – Whakarāpopoto ā kaiwhakahaere

1. This briefing seeks your agreement to fund four high priority projects using the International Visitor Conservation and Tourism Levy (IVL). This includes projects to restore the Lake Waikaremoana Great Walk, develop a sustainable visitor management model for the Tongariro Alpine Crossing, control the spread of wilding conifers, and improve DOC's biodiversity investment approach.
2. The Director-General of Conservation will also consider nine projects for funding from the IVL. These projects are under \$1 million each, which means the Director-General has delegated authority to approve them. Projects include key information system improvements that support the objectives of the IVL, cyclone recovery work, and support for the Te Manahuna Aoraki project. In addition to the nine projects, we will allocate funding to cover the staff costs of managing the IVL, including providing advice and reporting.
3. These projects have been identified from existing or planned high-priority projects with established funding needs. They are already costed and largely ready to be implemented once funding is approved. We expect them to deliver significant benefits for conservation and respond to visitor pressures in key areas.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Agree to the following projects being funded by the IVL. This constitutes approval to release the funding:	
	Lake Waikaremoana Great Walk reopening, reimagining and Te Urewera pest control plan	\$1.73M Yes / No
	Tongariro Alpine Crossing sustainable management project	\$1.83M Yes / No
	National Wilding Conifer Control Programme	\$8.05M Yes / No
	Biodiversity Investment Approach project	\$2.24M Yes / No
b)	Note that funding will be allocated in the Department for projects you approve once a detailed business case has been approved by the Director-General of Conservation.	
c)	Note that the Director-General of Conservation will consider the following projects for funding by the IVL, which each cost under \$1 million and align with the IVL Investment Plan priorities.	
	Te Manahuna Aoraki project	\$575,000
	Information System Services improvements package:	
	<ul style="list-style-type: none"> • 5 Minute Bird Count data upgrade 	\$345,000

• Connections for Conservation – Treaty Partner and stakeholder relationship management software improvements	\$172,500
• Discover the Outdoors upgrade	\$172,500
• Geographic Information Systems upgrade	\$701,500
• New Zealand Threat Classification System upgrade	\$345,000
• Department of Conservation Website upgrade	\$575,000
• Marine Reserve Monitoring data improvements	\$97,750
Cyclone response – biodiversity priorities	\$575,000
IVL fund management (advice, allocation and reporting)	\$862,500



Date: 21/09/2023

Ruth Isaac
 DDG Strategy & Policy
 For Director-General of Conservation

Date: / /

Hon Willow-Jean Prime
Minister of Conservation

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Purpose – Te aronga

1. This briefing seeks your agreement to fund four projects using the International Visitor Conservation and Tourism Levy (IVL), which align with the IVL Investment Plan 2023.¹ It also provides a summary of projects that will be considered by the Director-General of Conservation, who has delegated authority to approve projects that cost under \$1 million.

Background and context – Te horopaki

2. The IVL was introduced in July 2019. Most international visitors to New Zealand are charged the levy of \$35, which is then invested to ensure that tourism continues to benefit communities, visitors, and the environment [23-B-0217 refers].
3. When it was established, it was expected to raise roughly \$80 million per annum (assuming 2019 arrival figures) to be split evenly between Tourism and Conservation projects.
4. Ministers of Conservation, Finance and Tourism agreed to the Investment Plan for the IVL, which was published on 31 July 2023 [23-B-0270 refers].
5. The Investment Plan focuses spending on priorities that are likely to have the greatest impact addressing issues and challenges that tourism and conservation faces.
6. For conservation, the IVL will invest in projects that achieve the following priorities, under two conservation pillars:

Pillar 1: Protecting and restoring indigenous biodiversity

- Understanding threats to biodiversity and how to manage them
- Delivering interventions to protect indigenous species
- Delivering landscape scale ecosystem management
- Delivering nature-based solutions to the impacts of climate change.

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

- Understanding visitor impacts and how to manage them
 - Enhancing cultural heritage and protecting the natural environment from visitor impacts
 - Delivering system level responses to visitor pressures
 - Transitioning to a low emissions and resilient heritage and visitor system.
7. This is the first round of proposed projects for investment from the IVL under the newly agreed investment plan with thresholds for sole Minister approval. The IVL Investment Plan provides authority for the Ministers of Tourism and Conservation to progress agreed initiatives within their respective shares to ensure streamlined decision-making for project spends between \$1 million - \$10 million total cost per project. The Director-General can approve project spends up to \$1 million.
 8. Joint Ministers previously agreed to a package of ten projects (covering both the Tourism and Conservation portfolios), committing approximately \$18.7 million of 2019/20 IVL funding in the absence of an agreed investment plan (19-B-0419 refers).
 9. As at the end of May 2023, there was approximately \$30.9 million unallocated in the IVL Fund, of which \$19.75 million is for Conservation projects. It is estimated there is currently approximately \$21 million available in the Conservation portion of the IVL,

¹ [International Visitor Conservation and Tourism Levy — Investment Plan 2023 \(mbie.govt.nz\)](https://www.mbie.govt.nz/International-Visitor-Conservation-and-Tourism-Levy-Investment-Plan-2023)

less the funding IVL Ministers recently approved to progress protection in the Hauraki Gulf (23-B-0244 refers).

Proposed projects for investment for Ministerial approval

10. We recommend that you agree to fund four projects that align with the Investment Plan priorities. These projects have been identified from existing or planned high-priority projects with established funding needs. The eligibility criteria for the conservation portion of the IVL, agreed in the Investment Plan, were used to shortlist projects with known funding needs. As existing or planned projects, they are already costed and are largely ready to begin implementation once funding is approved (and internal business cases approved for release of funding).
11. The proposed process for future cycles will be structured around the Department of Conservation's (the Department) annual business planning cycle. However, this interim funding round provides an opportunity to leverage existing IVL funds, which have built up since the return of international visitors, to alleviate pressing funding pressures in the IVL investment priority areas.
12. The following table summarises the proposed projects, with further detail on each project below. Full descriptions can be found in Attachment A.
13. You can approve funding for all these projects, as they are all under the \$10 million threshold. This is the agreed Financial Delegation set out in the Investment Plan.

Investment Plan priorities	Project	Total IVL funding \$M (up to 5 years) including 15% overheads
Visitor pressures	Lake Waikaremoana Great Walk reopening, reimagining and Te Urewera pest control plan	\$1.73
Visitor pressures	Tongariro Alpine Crossing sustainable management project	\$1.83
Biodiversity; Visitor pressures	National Wilding Conifer Control Programme	\$8.05
Biodiversity	Biodiversity Investment Approach project	\$2.24
	Total	\$13.85

Lake Waikaremoana Great Walk reopening, reimagining and Te Urewera pest control plan

14. Lake Waikaremoana is a Great Walk in Te Urewera (one of three Great Walks in the North Island). It requires substantial investment to bring its huts, tracks, and infrastructure to the service levels of New Zealand's Great Walks. This issue has been exacerbated by extensive damage caused by Cyclone Gabrielle, which has resulted in the track's closure for the foreseeable future.
15. IVL funding will help to bring the Lake Waikaremoana Great Walk up to standard to enable it to reopen during the coming 23/24 season. This will focus on essential works, such as replacing damaged bridges and boardwalks. It will build on the \$500,000 already committed through Cyclone Recovery funding.

16. Reopening the Great Walk, and developing business cases for supporting healthy biodiversity and a reimagined Great Walk, will support Tūhoe to strengthen and maintain the connection between Tūhoe and Te Urewera and enable them to exercise kaitiakitanga. It will provide employment in tourism and enable revenue generation that will support future asset maintenance and pest control. In addition, reopening the track may relieve pressure on demand for Great Walks elsewhere in New Zealand.

Tongariro Alpine Crossing sustainable management project

17. The Tongariro Alpine Crossing (TAC) is considered one of the best one-day hikes in New Zealand, and is part of the Tongariro Northern Circuit, one of New Zealand's Great Walks. Its popularity is having a significant impact on both Tongariro's natural and cultural values.
18. IVL funding will enable the Department, in partnership with Ngāti Hikairo ki Tongariro (a hapū of Ngāti Tūwharetoa), to develop and implement a sustainable visitor management model for TAC that addresses visitor impacts and protects Tongariro's intrinsic values. This includes implementing limits to daily visitor numbers, managed through a booking system.

National Wilding Conifer Control Programme

19. Three quarters of New Zealand's 70 identified "naturally rare landscapes" are potentially threatened by invasion from wilding conifers. In 2016, the Government established the National Wilding Conifer Control Programme to control the spread of wilding conifers.
20. Funding for this programme is set to reduce in 2023/24, which will have a significant impact on the Department's ability to undertake control work, including maintaining areas that have benefited from previous control efforts, including protecting highly valued, naturally rare landscapes.
21. IVL funding will enable 300,000ha of control, of which 250,000ha is public conservation land.

Biodiversity Investment Approach project

22. The Department has proven that where it removes or manages the threats, restores habitats, and/or modifies how people interact with nature, it recovers. However, the Department is only just holding the line and there are a range of species and places which are not getting the help they need.
23. Within current funding settings, the Government and the Department will need to make significant trade-offs about where to focus efforts to manage biodiversity across New Zealand. Currently, investment decisions are made in isolation, without the visibility of the impacts that the proposed investment will have relative to other investments in conservation.
24. IVL funding will enable the Department to develop an improved multi-year biodiversity investment planning system that enables the Government, the Department, and our partners to make better informed and transparent decisions on biodiversity investment. This includes developing tools and processes to better plan and prioritise biodiversity investment based on achieving outcomes nationally and at place.

Projects that will be considered by the Director-General of Conservation

25. The Director-General of Conservation will consider approving nine projects that align with the Investment Plan priorities, and some fund management staff costs, which are under \$1 million each. The following table summarises the projects, with further detail on each package/project below.

Investment Plan priorities	Project	Total IVL funding \$ (up to 5 years) including 15% overheads
Biodiversity	Te Manahuna Aoraki project	\$575,000
Biodiversity; Visitor pressures	Information System Services improvements package: <ul style="list-style-type: none"> • 5 Minute Bird Count data upgrade \$345,000 • Connections for Conservation – Treaty Partner and stakeholders relationship management software improvements \$172,500 • Discover the Outdoors upgrade \$172,500 • Geographic Information Systems upgrade \$701,500 • New Zealand Threat Classification System upgrade \$345,000 • Department of Conservation Website upgrade \$575,000 • Marine Reserve Monitoring data improvements \$97,750 	
Biodiversity	Cyclone response – biodiversity priorities	\$575,000
	IVL fund management (advice, allocation and reporting) over five years	\$862,500
	Total	\$4.42M

Te Manahuna Aoraki project

26. Te Manahuna Aoraki is a project protecting and revitalising a 310,000-hectare mainland island in the Upper Mackenzie Basin and Aoraki/Mount Cook National Park, which is home to some of New Zealand's most threatened species. Since its inception, the project has demonstrated great outcomes in predator control and is an example of a successful partnership between high country landowners, Government agencies, councils, and mana whenua.
27. In 2020, the IVL made an early investment into the project and the Department has continued to fund it through its baseline. Further IVL funding would enable project activities to continue, including predator control, pest eradication, pest research, development of island restoration plans and testing of new control techniques. This will also free up baseline funding for the Department that is needed to respond to the recently released independent report into kiwi deaths at Cape Sanctuary in 2016/17. This includes improving the Department's management and monitoring of the permissions system.

Information Systems Services Improvements package

28. The Department's work and how it interacts with, and conveys important information to, the public (and international visitors) relies on key information technology and systems. Several of these systems are at, or near, the end of their serviceable lives and need to be replaced or updated.
29. For example, the Geographic Information Systems underpin the mapping systems that the Department uses for many of the aspects of its core work. The proposed update and upgrade will enable data sharing, creation of mobile applications to help our front-line staff and establish best practice data management. In addition, the current system used to enable visitors to access the interactive maps on DOC's website will stop being supported in July 2024. The Discover the Outdoors upgrade will ensure this crucial tool for visitor safety and helping people find suitable park and recreation services is maintained and bring improvements to its usability.
30. Several of the other parts of the package such as the 5 Minute Bird Count improvements and the New Zealand Threat Classification System upgrade will underpin the Department's biodiversity work and enable system-level improvements.

Cyclone Response - biodiversity priorities

31. The Department has identified several instances of species under threat due to damage from Cyclone Gabrielle. Projects to protect these species from further threats from diminished habitats and increased predators will be developed and costed. The Director-General will consider funding these from IVL funding. The estimated allocation is \$0.5 million. This will only be used for the most urgent work until we secure more funding to ensure no irreversible losses in the meantime.

IVL fund management (advice, allocation and reporting)

32. The costs listed will be used to resource staff time over the five-year life of the recently agreed IVL investment plan to ensure the assessed and funded projects align with the investment pillars and priorities within the Conservation portion.

The proposed projects align with the Investment Plan eligibility criteria

33. One of the key provisos to the financial delegations agreed in the IVL Investment Plan is that the thresholds apply to projects aligning to priorities.
34. Each project aligns with the eligibility criteria set out in the Investment Plan:
 - The project aligns with one or more of the IVL investment priorities
 - The project will have significant impact at places which attract or are affected by international visitors or tourism
 - The project would not be able to progress due to lack of funding without the IVL
 - The project has considered whole of life costs, and sources of funding have been identified if ongoing funding is required
 - The project is not, or able to be, fully cost-recovered by users
 - There will be quantifiable outputs from the project
 - The project has considered how it will give effect to the principles of Te Tiriti o Waitangi.
35. Overall, the conservation eligibility criteria ensure projects have a link back to the source and purpose of the fund. A key feature of the IVL fund is that it can fluctuate over time and, in assessing and selecting projects to recommend for funding, officials will explicitly consider the risk of creating ongoing cost pressures for the Department. The criteria around sources of ongoing funding refers to the need to identify such

funding to ensure that this is considered and addressed in the project planning phase to prevent funding cliffs.

36. The eligibility criteria are applied to the proposed projects in Attachment B.
37. The projects also meet the following assessment criteria in the IVL:
 - Consistency with the Department's strategic direction
 - Cost effectiveness
 - Ability to implement and project readiness
 - Level of external support.

Risk assessment – Aronga tūraru

38. We consider proceeding with the proposed investments to be low risk. The projects all fit with the Investment Plan priorities and meet the eligibility criteria.
39. The risk of not proceeding is set out in greater detail for each project in the attached tables.

Treaty principles (section 4) – Ngā mātāpono Tiriti (section 4)

40. Projects funded through the conservation portion of the IVL must demonstrate how they have considered the Treaty principles. The key principles to consider are likely to be partnership and active protection:
 - i. *The principle of partnership* can be applied across the biodiversity and visitor pressure pillars: in particular in relation to the protection of taonga species and enhancing cultural heritage. Consideration should be given to planning and delivering projects in partnership with tangata whenua, which could mean funding others to deliver projects.
 - ii. *The principle of active protection* will be relevant where there is commercial interest in tourism offerings. Investments should consider impacts on Māori interests in tourism businesses, many of which operate on public conservation land. As discussed in the Wai 262 claim, active protection also applies to natural taonga (species or landscapes)², making it a relevant consideration for the biodiversity pillar
41. The projects considered have either established partnerships with mana whenua in design or delivery, directly respond to the expressed aspirations of our Treaty Partners or will better facilitate the exchange of information collected from improved monitoring to inform future shared priorities.

Consultation – Kōrero whakawhiti

42. There has not been additional overall consultation to any previous consultation undertaken on individual projects as part of their design or ongoing partnerships. We have informed the Ministry for Business, Innovation and Enterprise of potential project proposal packages in line with the approach outlined in the IVL Investment Plan.

Financial implications – Te hiraunga pūtea

43. IVL funding for these projects will in some cases free up baseline funding for funding other core conservation work. For example, funding Te Manahuna Aoraki predator control and landscape restoration work from IVL will enable baseline funding to be allocated to improve our permissions monitoring in response to the recommendations

² Waitangi Tribunal, Ko Aotearoa Tēnei: A Report into Claims Concerning New Zealand Law and Policy Affecting Māori Culture and Identity (Wai 262, 2011)

of the independent Cape Sanctuary report. This enables optimisation of conservation across funding sources.

44. If projects you approve face cost overruns, the Director-General will approve uplifts of up to \$1m per project up to the \$10m limit. An uplift amount greater than this will require further Ministerial approval. This does not apply to the projects the Director-General will consider under the \$1m threshold, which would need Ministerial approval for any cost overruns.

Legal implications – Te hiraunga a ture

45. There are no legal implications to this funding decision.

Next steps – Ngā tāwhaitanga

46. Should you approve the four projects for funding, we will prepare the required further detailed internal business cases before funding can be drawn down and projects can progress. This work will take place using the existing project management structures and safeguards within the Department.
47. This briefing will set the funding envelope for the work.
48. The IVL annual report will be published annually, which will identify expenditure and progress against each project.

ENDS

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Attachment A – Information on proposed projects

Note the tables below do not include 15% overheads.

Project	Lake Waikaremoana Great Walk reopening, reimagining and Te Urewera pest control plan
Purpose	<p>To bring the Lake Waikaremoana Great Walk huts and tracks up to standard to enable it to reopen in 2023.</p> <p>To enable Te Uru Taumatua (TUT) to develop a business case for the long-term approach to pest management in Te Urewera; to undertake training and pest control work.</p> <p>To enable TUT to begin work on a business case for a reimagined Lake Waikaremoana Great Walk.</p>
IVL funding sought and timeframe	<p>\$1.5M in year one (<i>excluding 15% overheads</i>).</p> <p><i>Further costing to be done for years 2-5 but an indicative of \$8M over 5 years will support the realisation of Tūhoe's vision for a reimagined Great Walk.</i></p> <p><i>Year 1 funding will complement the \$500,000 already committed through Cyclone Recovery funding taking the total investment in Te Urewera for the Great Walk and pest control in 2023/24 to \$2M.</i></p>
Investment Plan priority	Responding to visitor pressures on conservation and the environment: Enhancing cultural heritage and protecting the natural environment from visitor impacts, and delivering system level responses to visitor pressures.
Context	<p>Part 1: Great Walk reopening Lake Waikaremoana Great Walk is a 46km Great Walk in Te Urewera. It is one of 10 Great Walks in New Zealand, and one of only three situated in the North Island of New Zealand. It requires substantial investment to bring its huts, tracks, and infrastructure to the service levels of New Zealand's Great Walks. The area also experienced extensive damage caused by Cyclone Gabrielle, resulting in the track's closure. The current annual grant from the Department and the Cyclone Gabrielle impact funds alone will not be sufficient to complete the works required to get the Great Walk up to standard. TUT has indicated it does not have sufficient resource to reopen the Lake Waikaremoana Great Walk.</p> <p>Part 2: Business case for supporting healthy biodiversity within Te Urewera, training and pest control TUT wants to provide ongoing pest control at a sustainable level within Te Urewera. Work is required to understand the levels of pest control required and the ongoing cost of doing this well, to train and employ bush crews to be actively managing more pests and other opportunities to support thriving biodiversity within Te Urewera.</p> <p>Part 3: Business case for a reimagined Great Walk in Te Urewera Tūhoe has a unique vision for the future of the Lake Waikaremoana Great Walk. To realise this vision, work is required to develop a business case that sets out a clear picture of the future state and what would be required to achieve that vision.</p>

<p>Activities</p>	<p>Part 1: IVL investment of \$1m will complement \$500k of Cyclone Gabrielle funding, to support maintenance activities including:</p> <ul style="list-style-type: none"> • replacement of damaged bridges and boardwalks, new track alignments/ bridges/boardwalks/barriers where flooding has changed the landscape • track repair, drainage, culverts, steps, windfall clearance, structure repairs (non-capital) • new toilet at Waiopaoa shelter (vault flooded and damaged) • track repairs, bridge repairs, treefall clearing at Whaitiri Point and Tawa tracks • Korokoro Campsite relocation, new shelter, toilets (existing site seriously flooded) • new and replacement structures (bridges, barriers) and track realignments to resolve slips and stream washouts on Black Beech Walk • remove slips, repair drains and culverts, reshape and surface Hopuruahe Road. <p>The direct maintenance cost is estimated at \$161K opex and \$ 1.078M in capex. A further \$261,000 opex will be used to support TUT to improve capability, develop systems and processes required to ensure sustainable ongoing maintenance of the Great Walk track. The Department will provide technical support as required.</p> <p>Part 2: IVL investment of \$150,000 will be used to develop an initial business case that sets out the ongoing approach and annual costs for managing biodiversity within Te Urewera. \$100,000 would also be used to train and employ bush crews to be actively managing more pests, and to carry out other urgent pest management work (for example repair of the Kiwi fence).</p> <p>Part 3: IVL investment of \$250,000 will be the first phase of developing an indicative business case for a reimagined Great Walk that meets the vision set out in Te Kawa. Part of the business case would identify the funding required to develop a Detailed Business Case for what would be expected to be a multi-million dollar investment over the coming decade.</p>
<p>Benefits</p>	<ul style="list-style-type: none"> • Reopening the Great Walk will benefit Tūhoe through employment in tourism and enable revenue generation that will support future asset maintenance and pest control. It will also relieve pressure on demand for Great Walks elsewhere in New Zealand. • It also honours the Treaty and the Te Urewera Act in that it supports Tūhoe to strengthen and maintain the connection between Tūhoe and Te Urewera and enable them to exercise kaitiakitanga, preserve the natural features and beauty of Te Urewera, and provide Te Urewera/Lake Waikaremoana as a place for public use and enjoyment. • Supporting TUT to develop a clear plan for improving the health of the ngahere and growing its biodiversity capability and capacity would have a positive impact on the unique biodiversity within Te Urewera. • Supporting the first stage of a business case for the Lake Waikaremoana Great Walk would enable Tūhoe to begin to realise its aspirations for a unique manuhiri experience within Te Urewera, that strengthens and connects Tūhoetanga with Te Urewera.

External partners	Ngāi Tūhoe, TUT, Te Urewera Board.
Risks of not going ahead	<p>As noted above, TUT have indicated that they do not have sufficient resource to have the Lake Waikaremoana Great Walk opened in October 2023 due to the extent of reparation required.</p> <p>In addition, they do not have the required funding to be undertaking the significant work required to actively manage biodiversity within Te Urewera. Kaimahi do not have the tools or training to undertake pest control at scale.</p> <p>The Department-Tūhoe relationship may be put at risk if it is perceived that we are not supportive of reopening the Great Walk.</p>
Comments	This would be beneficial to the overall health of the Ngāi Tūhoe – Crown relationship. It also reflects the actions of an honourable Treaty partner.

FINANCIAL YEAR ENDING JUNE	2024	2025	2026	2027	2028	FIVE YEAR TOTAL
TOTAL OPERATING FUNDING, \$M	\$922K	\$1.75M <i>tbc</i>	\$1.75M <i>tbc</i>	\$1.75M <i>tbc</i>	\$1.75M <i>tbc</i>	\$7.922M
TOTAL CAPITAL FUNDING, \$M	\$578K	-	-	-	-	\$578K
TOTAL CAPITAL & OPERATING FUNDING, \$M	\$1.5M	\$1.75M <i>tbc</i>	\$1.75M <i>tbc</i>	\$1.75M <i>tbc</i>	\$1.75M <i>tbc</i>	\$8.5M

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Project	Tongariro Alpine Crossing Sustainable Management Project
Purpose	To implement a sustainable visitor management model for Tongariro Alpine Crossing (TAC) to protect Tongariro's natural and cultural values.
IVL funding sought and timeframe	IVL contribution sought for 2023/24: \$1.59M (<i>excluding 15% overheads</i>). IVL contribution that will be sought for 2024/25: \$450K <i>Ongoing opex costs, including depreciation, capital charge and maintenance, will be funded from the Community Contribution Charge that will be implemented in 2023/24 (\$3 per person).</i>
Investment Plan priority	Responding to visitor pressures on conservation and the environment: Understanding visitor impacts and how to manage them; enhancing cultural heritage and protecting the natural environment from visitor impacts; and delivering system level responses to visitor pressures.
Context	<p>Prior to the pandemic the TAC's popularity pushed visitation to record levels, which in 2017/18 reached 150,000 p.a. Heavy visitor demand was most noticeable during public holidays and weekends when there was often over 1500 visitors per day.</p> <p>The Tongariro National Park Management (TNPMP) policies intended to protect the values of the TAC, have not been tested or implemented by the Department. Since 2017 these policies have directed the Department to:</p> <ul style="list-style-type: none"> • monitor and determine the TAC carrying capacity and • consult with transport concessionaires and restrict visitors using their services. <p>Ngāti Hikairo ki Tongariro, a hapū of Ngāti Tūwharetoa, have a clear vision to protect the values of Tongariro and in partnership with the Department is seeking to develop and implement a sustainable visitor management model that aligns with their kaitiaki and manaaki responsibilities and addresses these visitor impacts.</p> <p>The main visitor impacts presently observed are:</p> <ul style="list-style-type: none"> • inappropriate visitor behaviours such as: lack of preparedness for the alpine environment requiring frequent search and rescues by Ngāti Hikairo as kaitiaki; toileting in nature; and litter in a wāhi tapu landscape including impacts from Department infrastructure disintegrating due to deferred maintenance. • human waste management and the risks it creates environmentally and culturally. • heavy congestion at key nodes and culturally sensitive sites. <p>From a Ngāti Hikairo ki Tongariro perspective these impacts compromise Tongariro's intrinsic values, and they are now asking the Department to implement the TAC TNPMP protective policies as a priority.</p>

Activities	<p>The IVL funding will enable the Department, in partnership with Ngāti Hikairo ki Tongariro, to:</p> <ul style="list-style-type: none"> • upgrade the existing booking system to implement limits to daily visitor numbers. • introduce appropriate tikanga of Ngāti Hikairo ki Tongariro into the visitor management system to influence visitor and concessionaire behaviours, including increasing understanding of Tongariro’s cultural values and visitor safety preparedness • manage transport concessions in conjunction with the booking system to manage access to the park, including limits on visitors accessing the site in adverse weather (except guiding companies that hold Adventure Activity Operator certification).
Benefits	<p>Whānau, hapu and iwi are enabled to carry out their responsibilities as kaitiaki of natural and cultural resources on public conservation land and waters.</p> <p>In addition, this project could potentially be a flagship for a more sustainable tourism model in New Zealand – one which seeks to protect both cultural and natural values.</p>
External partners	Ngāti Hikairo ki Tongariro, a hapū of Ngāti Tūwharetoa.
Risks of not going ahead	<p>Not progressing work to protect Tongariro could affect its dual World Heritage status.</p> <p>Ngāti Hikairo have indicated that they may implement a rāhui if they feel Tongariro is at risk from visitor pressure.</p>
Comments	This project has been in progress for quite some time with the initial work beginning in 2020, funded from the Provincial Growth Fund. The project team is working to implement the interventions developed to deliver on our management objectives starting in the 2023/24 season and this is well underway.

Funding Source(s)	Work Programme	FY 23/24	FY 24/25	FY 25/26	Total
IVL	Management Plan	\$670,000	\$325,000	\$0	\$995,000
Total Capital / CAPEX		\$670,000	\$325,000	\$0	\$995,000
IVL	Management Plan	\$520,000	\$125,000	\$0	\$645,000
	Ticketing System	\$400,000	\$0	\$0	\$400,000
Community Contribution Charge (self-funding)	Management Plan	\$0	\$250,000	\$310,000	\$560,000
Total Operating / OPEX		\$920,000	\$375,000	\$300,000	\$1,595,000
CAPEX & OPEX TOTALS		\$1,590,000	\$700,000	\$300,000	\$2,590,000

Project	National Wilding Conifer Control Programme: Public Conservation Land (PCL) deferred maintenance control for 2023/2024
Purpose	To provide maintenance control of wilding conifers on 300,000 hectares in 2023/24 (with 250,000 hectares on PCL).
IVL funding sought and timeframe	\$7.051M for 2023/2024 (<i>excluding 15% overheads</i>).
Investment Plan priority	Protecting and restoring indigenous biodiversity: Delivering landscape scale ecosystem management.
Context	<p>Three quarters of New Zealand's 70 identified "naturally rare landscapes" are potentially threatened by invasion from wilding conifers. In 2016 central government established the National Wilding Conifer Control Programme (The Programme), noting the significant public benefit from preventing the spread (at this time the area affected by spread was increasing at 5% annually).</p> <p>The Programme facilitates cross-sector and multi-region collaboration on wilding conifer control. It has been delivering successfully against the outcomes set out in the Wilding Conifer Control Strategy 2015-2030 – aiming to prevent the spread and contain or eradicate wilding infestations by 2030.</p> <p>A four-year funding boost of \$100 million through Jobs for Nature in 2020 enabled accelerated progress in more regions. Following 2022/23, allocated funding has dropped to a level that puts previous investment and Programme outcomes at risk. For 2023/24 control activities reduce to approximately 270,000 hectares of land (around 10% of the total known infestation). 345,000 hectares of land has been deferred, including 268,000 ha of maintenance control on PCL.</p> <p>There is strong public concern from affected parties (including mana whenua, landowners and councils) and wider stakeholders at the reduced levels of work projected for 2023/24 and out years.</p>
Activities	IVL investment will enable maintenance to occur in 24 management units (300,000 hectares) within the Programme (including Central North Island, Nelson/Marlborough, Canterbury, Otago and Southland).
Benefits	Wilding conifer invasion of outstanding natural landscapes reduces biodiversity through displacement of rare native plants and animals. Funding this maintenance control will both prevent cost increase (see Risks) and maintain the benefits of previous control efforts, including protecting highly valued, naturally rare landscapes such as alpine herb fields, the volcanic plateau, coastal dunes, dry tussock land, the South

	<p>Island mineral belt, frost flats, geothermal areas, Coromandel scrub lands, and seasonal wetlands.</p> <p>Independent economic analysis of the Programme to date estimates that every dollar invested delivers between 20:1 and 34:1 in benefits of protection from the quantifiable economic impacts of wildlings.</p> <p>The Programme has the structure, delivery mechanism and capacity to deliver the proposed work within the 2023/24 year, with robust systems in place to report on progress and final deliverables. IVL investment will support maintenance of significant contractor capability and capacity that has been built through recent years in the Programme.</p>
External partners	Ministry for Primary Industries.
Risks of not going ahead	<p>During periods without control work, new seedlings emerge, and both the area of infestation and the size and density of trees increases annually. As a result, deferring maintenance control has a significant long-term cost, with analysis showing there is an approximate 30% increase year on year in the cost of removing infestations for each year of delay.</p> <p>Impacts of wilding conifer infestations include, but are not limited to:</p> <ul style="list-style-type: none"> • invasion of outstanding natural landscapes and reduced biodiversity through displacement of rare native plants and animals • reduced water flow affecting irrigation in sensitive catchments • smothering of archaeological sites and places and species of cultural significance for Māori • increased intensity and hazard of wildfires.
Comments	This investment would enable 300,000 ha of control, of which 250,000 ha (83%) is PCL. Wildlings need to be managed at a landscape scale, and in many cases controlling wildlings on other land is critical to protect PCL and its associated values (as they are seed sources).

FINANCIAL YEAR ENDING JUNE	2024	2025	2026	2027	2028	FIVE YEAR TOTAL
TOTAL OPERATING FUNDING, \$M	\$7.051	-	-	-	-	\$7.051
TOTAL CAPITAL FUNDING, \$M	-	-	-	-	-	-
TOTAL CAPITAL & OPERATING FUNDING, \$M	\$7.051	-	-	-	-	\$7.051

Project	Biodiversity Investment Approach Project
Purpose	To develop a multi-year biodiversity investment planning system that enables the Government, the Department, and our partners to make better informed and transparent decisions on biodiversity investment.
IVL funding sought and timeframe	\$1.95M over three years (<i>excluding 15% overheads</i>).
Investment Plan priority	Protecting and restoring indigenous biodiversity: Understanding threats to biodiversity and how to manage them; delivering interventions to protect indigenous species; delivering landscape scale ecosystem management; and delivering nature-based solutions to the impacts of climate change.
Context	<p>The Department has proven that where it removes or manages the threats, restores habitats, and/or modifies how people interact with nature, it recovers. However, the Department is only just holding the line and there are a range of species and places which are not getting the help they need. Of the 4,000 species that are at risk or threatened with extinction, in 2022 only 68 threatened species and 48 other species were 'adequately managed for persistence' by the Department.</p> <p>Within current funding settings, the Department will need to continue to make significant trade-offs about where to focus its efforts as it does not have the funding needed to adequately manage biodiversity across New Zealand. Currently the Department makes investment decisions in isolation, without the visibility of the impacts that the proposed investment will have relative to other investments in conservation.</p> <p>This is leading to:</p> <ul style="list-style-type: none"> • poorer biodiversity and financial outcomes • missed opportunities to intervene for nature where the Department can make the most difference • public and stakeholder criticism of the Department's process and rationale for prioritising its biodiversity work • difficulties in securing future additional funding for biodiversity, which has been signalled by the Treasury. <p>The Department needs to improve how it makes investment decisions and how it guides others in the system to make decisions, and ensure its decision-making process is transparent and tells a clear story.</p>
Activities	IVL funding will enable the Department to accelerate its development of a multi-year investment planning system. This includes developing tools and processes that will enable the Government, the Department and its partners to better plan and prioritise biodiversity investment based on achieving outcomes nationally and at place.

	<p>The project will do this through better costing of the work we need to undertake to meet biodiversity outcomes, increasing our understanding of the benefits different work provides to nature, and being clearer on the impact on nature we need to achieve to progress against our outcomes (such as under Te Mana o te Taiao).</p>
Benefits	<p>This project will enable the Department to tell a more cohesive story around what and where it is making investments, and why. This includes enabling DOC to guide others in how their contribution is being used to target the most urgent, high priority work to deliver biodiversity conservation across New Zealand.</p> <p>More specifically, this project will help to:</p> <ul style="list-style-type: none"> • provide clear, consistent, and transparent structure to all aspects of the Department's planning, target setting, resource allocation, audit, evaluation, monitoring and reporting elements, across all biodiversity programmes/workstreams, across all the Department • enable the Department to be clearer around what, where and why its investing and what the urgent and priority work is • Provide the foundation for determining the most effective way to deliver biodiversity outcomes • significantly streamline the Department's business planning processes. This will reduce significant last minute business planning input time without eroding collective input into the planning detail • support future conversations with iwi, hapu, whanau, with community stakeholders and with the public in general • support implementation and reporting of progresses against Te Mana o Te Taiao and the Convention on Biological Diversity outcomes/commitments. It will also inform work such as the baseline review and Jobs for Nature biodiversity priorities.
External partners	<p>This is a Department led project but will guide, support and inform a wide range of agencies and stakeholders. It will also support us to be an honourable Treaty Partner.</p>
Risks of not going ahead	<p>The Department will continue to make decisions around what biodiversity work it chooses to do in isolation, without understanding the trade-offs, and will continue to not be able to tell a clear story about the difference its work is making/will make. This will continue to lead to poorer biodiversity and financial outcomes.</p>
Comments	<p>The Department is unable to fund this work through baseline in the short term. IVL funding will help to accelerate this work and bring forward its benefits.</p>

FINANCIAL YEAR ENDING JUNE	2024	2025	2026	2027	2028	FIVE YEAR TOTAL
TOTAL OPERATING FUNDING, \$M	\$0.65	\$0.65	\$0.65	-	-	\$1.95
TOTAL CAPITAL FUNDING, \$M	-	-	-	-	-	-
TOTAL CAPITAL & OPERATING FUNDING, \$M	-	-	-	-	-	\$1.95

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Attachment B – Assessment of projects against IVL eligibility criteria

	The project aligns with one or more of the IVL investment priorities	The project will have significant impact at places which attract or are affected by international visitors or tourism	The project would not be able to progress due to lack of funding without the IVL	The project has considered whole of life costs, and sources of funding have been identified if ongoing funding is required	The project is not, or able to be, fully cost-recovered by users	There will be quantifiable outputs from the project	The project has considered how it will give effect to the principles of Te Tiriti o Waitangi
Lake Waikaremoana Great Walk reopening	Responding to visitor pressures on conservation and the environment: Enhancing cultural heritage and protecting the natural environment from visitor impacts; and delivering system level responses to visitor pressures.	Lake Waikaremoana Great Walk is a 46km Great Walk in Te Urewera. It is one of 10 Great Walks in New Zealand, and one of only three situated in the North Island of New Zealand. It requires substantial investment to bring its huts, tracks, and infrastructure to the service levels of New Zealand's Great Walks.	The current annual grant from the Department and the Cyclone Gabrielle impact funds alone will not be sufficient to complete the works required to get the Great Walk up to standard. Te Uru Taumatua (TUT) do not have sufficient resource to have the Lake Waikaremoana Great Walk opened in October 2023 due to the extent of reparation required.	Yes.	Although some of fees collected from Great Walks bookings will contribute indirectly to the ongoing maintenance costs through the annual grant from baseline funding, bridge funding from the IVL is needed to remediate the track to the required standard to reopen.	The funding will result in tangible improvements and reopening of the track and its associated infrastructure. A portion of the funding will also be used to support TUT to improve capability, develop systems and processes required to ensure sustainable ongoing maintenance of the Great Walk track.	This project will support Tūhoe to strengthen and maintain the connection between Tūhoe and Te Urewera thus giving effect to the principles of the Treaty and in keeping with the spirit of Te Urewera Act.
Tongariro Alpine Crossing Sustainable Management Project	Responding to visitor pressures on conservation and the environment: Understanding visitor impacts and how to manage them; enhancing cultural heritage and protecting the natural environment from visitor impacts; and delivering system level responses to visitor pressures.	Tongariro Crossing experiences some of the most severe visitor pressure on public conservation land.	There is a current shortfall in funding for implementing the project. The project would need to be deferred without IVL funding.	IVL will provide 'seed' funding to begin implementation. Once underway, the Department has identified additional funding from the new Community Contribution Charge to supplement the operating costs.	The Department has identified additional funding from the new Community Contribution Charge to supplement the operating costs but this will only become available once the project has progressed past the early stages.	The new management systems will enable better monitoring of how effective the project outcomes are.	Ngāti Hikairo ki Tongariro, a hapū of Ngāti Tūwharetoa, have a clear vision to protect the values of Tongariro and in partnership with the Department is seeking to develop a sustainable visitor management model that aligns with their kaitiaki and manaaki responsibilities.
National Wilding Conifer Control Programme	Protecting and restoring indigenous biodiversity: Delivering landscape scale ecosystem management.	Three quarters of New Zealand's 70 identified "naturally rare landscapes" are potentially threatened by invasion from wilding conifers. These unique landscapes that are a large reason international visitors visit New Zealand. They also have biodiversity impacts and limit recreation and tourism related activities.	Following investment from Jobs for Nature, the initiative is now facing a funding cliff. IVL interim funding can provide maintenance control to prevent reversals of already completed work and allow new control to take place.	Yes.	The costs are not directly cost-recoverable by users.	The National Programme has the structure, delivery mechanism and capacity to deliver the proposed work within the 2023/24 year, with robust systems in place to report on progress and final deliverables.	The programme has existing engagement and partnering at place. Uncontrolled conifers also smother archaeological sites and places and species of cultural significance for Māori.
Biodiversity Investment Approach project	Protecting and restoring indigenous biodiversity: Understanding threats to biodiversity and how to manage them; delivering interventions to protect	New Zealand's unique biodiversity and landscapes, especially public conservation land are a large reason for many international visitors coming	IVL funding will enable the Department to accelerate its development of a multi-year investment planning system. This includes developing tools and	Yes.	The costs are not directly cost-recoverable by users.	The outputs are the development of a multi-year investment planning system, including tools and processes to help make investment decisions and	The project will support a meaningful relationship with Treaty Partners by enabling better information flows to inform discussions about shared priorities.

	The project aligns with one or more of the IVL investment priorities	The project will have significant impact at places which attract or are affected by international visitors or tourism	The project would not be able to progress due to lack of funding without the IVL	The project has considered whole of life costs, and sources of funding have been identified if ongoing funding is required	The project is not, or able to be, fully cost-recovered by users	There will be quantifiable outputs from the project	The project has considered how it will give effect to the principles of Te Tiriti o Waitangi
	indigenous species; delivering landscape scale ecosystem management; and delivering nature-based solutions to the impacts of climate change.	to New Zealand and the places they choose to visit while they're here. The outcomes of this project will better enable informed decisions about where to invest in biodiversity programmes.	processes that will enable the Government, the Department and its partners to better plan and prioritise biodiversity investment based on achieving outcomes nationally and at place.			prioritise biodiversity investments.	
Te Manahuna Aoraki project (and enabling improvements to Permissions Monitoring)	Protecting and restoring indigenous biodiversity: Delivering landscape-scale ecosystem management. Responding to visitor pressures on conservation land and the environment: Delivering system level responses to visitor pressures.	Aoraki Mount Cook National Park and the Mackenzie Basin and the unique natural landscapes within are key draws for international visitors.	Supporting the predator control work in Te Manahuna Aoraki in the absence of additional funding from IVL would be extremely difficult. IVL funding will allow for continued pest eradication and also freeing up baseline funding for strengthening of permissions monitoring in response to recommendations from the independent Cape Sanctuary report.	Yes.	The costs are not directly cost-recoverable by users.	Good monitoring before, during and after predator control work is an integral part of the process should allow for measurable outcomes from the work.	Te Manahuna Aoraki has cultural and spiritual significance for the three Ngāi Tahu rūnaka who whakapapa to the area – Te Rūnanga o Arowhenua, Te Rūnanga o Moeraki, Te Rūnanga o Waihao. They are partners on the project.
Information System Services improvements package	Responding to visitor pressures on conservation and the environment: Delivering system level responses to visitor pressures. Protecting and restoring indigenous biodiversity: Understanding threats to biodiversity and how to manage them; and delivering landscape scale ecosystem management.	The Department's website is the main way international visitors (and New Zealanders) connect with the Department. They are crucial tools for visitor safety, and it helps people find suitable parks and recreation experiences. It also helps to make visitors aware of other less congested attractions on PCL.	Due to the Department's competing priorities to fund core business areas, it is highly likely these projects will continue to be deferred due to lack of funding. This package of improvements is ideally suited to IVL funding.	Yes.	The improvements are not directly cost-recoverable.	The improved systems will also produce quantifiable data on visitor interactions with the system and a measurable way to interact with international visitors through information campaigns etc.	Information sharing and communication are key to how we engage and share information with our Treaty partners.
Cyclone Response – biodiversity priorities	Protecting and restoring indigenous biodiversity: Delivering landscape scale ecosystem management.	Protects biodiversity which is a crucial draw for international visitors.	This work will respond to the most urgent work to protect biodiversity and secure the situation until further funding is secured. The intention is to ensure no irreversible losses in the meantime.	Further funding will be required once more assessment can be done around longer-term remediation and solutions.	The costs are not directly cost-recoverable by users.	Work is ongoing to assess the vulnerable situation for habitats and species left in the wake of Cyclone Gabrielle.	The Department is working at place with mana whenua to protect taonga species and habitats.

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Briefing: International Visitor Levy – Proposed investment projects 2024

To	Minister of Conservation	Date submitted	20 February 2024
Risk Assessment	Low	Priority	High
Reference	24-B-0043	DocCM	DOC-7554042
Security Level	In Confidence		

Action sought	Agree to fund the package of proposed projects from the IVL	Timeframe	27 February 2024
Attachments	Attachment A – Information on proposed projects Attachment B – Assessment of projects against IVL eligibility criteria		

Contacts	
Name and position	Cell phone
Ruth Isaac, Deputy Director-General, Policy and Regulatory Services	s.9(2)(a)
James Johnson, Manager, Budget and Funding Policy Team	

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Executive summary – Whakarāpopoto ā kaiwhakahaere

1. We seek your agreement to fund a package of seven high-priority conservation projects with an approximate cost of \$25 million over five years using the International Visitor Conservation and Tourism Levy (IVL). There is \$26 million currently available within the fund for conservation projects. The package includes projects to:
 - undertake foundational work for the eradication of pigs, cats and mice from Auckland Island / Maukahuka
 - s.9(2)(f)(iv) [REDACTED]
 - [REDACTED]
 - redevelop and maintain the track at Cathedral Cove – this would enable the track to reopen by the end of 2024
 - s.9(2)(f)(iv) [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - increase efforts to keep Aotearoa free of sea spurge.
2. These projects have been identified from existing or planned high-priority projects which will not be able to proceed without additional funding. They are already costed and largely ready to be implemented once funding is approved. We expect them to deliver significant benefits for conservation and respond to visitor pressures in key areas.
3. An additional four projects have been identified as possible priorities for funding but were left off our recommended priority list due to the limited funding currently available in the IVL. While we have assessed these to be of lesser priority, you could select these in place of those in the recommended funding package.

We recommend that you ... (Ngā tohutohu)

			Decision
a)	Agree to the following projects being funded by the IVL:		
	Undertake foundational work for the eradication of pigs, cats and mice from Auckland Island (Maukahuka)	\$3.65m	Yes / No
	s.9(2)(f)(iv) [REDACTED]	[REDACTED]	Yes / No
	s.9(2)(f)(iv) [REDACTED]	[REDACTED]	Yes / No
	Redevelop and maintain the track at Cathedral Cove	\$5m	Yes / No
	s.9(2)(f)(iv) [REDACTED]	[REDACTED]	Yes / No
	s.9(2)(f)(iv) [REDACTED]	[REDACTED]	Yes / No
	Increase efforts to keep Aotearoa free of sea spurge	\$1.28m	Yes / No

b)	Note that the following four projects were also identified as potential priorities but assessed as being lower priority and will not receive IVL funding in this funding round unless you indicate a preference for one/several in place of project(s) listed above:	
	s.9(2)(f)(iv) [REDACTED]	[REDACTED]
	[REDACTED] [REDACTED] [REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	Enhance existing iconic short walks and day hikes	\$6m
c)	Note that we will allocate funding for projects you approve once a detailed business case and implementation plan has been approved by the Director-General of Conservation	



Date: 20/02/2024

Date: / /

Ruth Isaac
Deputy Director-General
Policy and Regulatory Services
For Director-General of Conservation

Hon Tama Potaka
Minister of Conservation

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Purpose – Te aronga

1. To seek your agreement to fund seven high-priority projects using the International Visitor Conservation and Tourism Levy (IVL), which align with the IVL Investment Plan 2023.

Background and context – Te horopaki

2. The IVL was introduced in 2019 to respond 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. The IVL is set at \$35 and is paid by international visitors to New Zealand. Some groups of people are exempt from paying the IVL, including Australian citizens and permanent residents, diplomats and some citizens of Pacific Island nations.
3. Forecasts from the Ministry of Business, Innovation and Employment (MBIE) estimate that between January 2024 and December 2026, nearly 7 million visitors will pay the IVL. Based on the current rate of \$35, this is estimated to generate over \$240 million (or around \$80 million per annum).
4. Revenue collected through the IVL is split between conservation and tourism projects. As of the end of January 2024, there is \$26 million in the Conservation portion of the fund. The IVL Investment Plan was agreed in July 2023 and focuses spending on priorities that are likely to have the greatest impact addressing issues and challenges that tourism and conservation faces¹.

Review of the IVL rate

5. Under the Immigration Act 2009, MBIE must conduct a review of the IVL rate, in consultation with us, and is exploring an increase of \$15 or \$35 per person (this would raise the rate to \$50 or \$70). We will jointly brief you in late February 2024 on beginning consultation for an IVL rate increase.
6. On 2 February 2024 you received advice which sought agreement from IVL Ministers (the Ministers of Conservation, Tourism and Finance) to allocate \$8 million of funding to progress the delivery of two tourism 100-point Economic Plan projects (MBIE briefing 2324-1488 refers).

Conservation portion of the IVL

7. For conservation, the IVL will invest in projects that achieve the following priorities, under two conservation pillars:
 - Pillar 1: protecting and restoring indigenous biodiversity
 - understanding threats to biodiversity and how to manage them
 - delivering interventions to protect indigenous species
 - delivering landscape scale ecosystem management
 - delivering nature-based solutions to the impacts of climate change.
 - Pillar 2: responding to visitor pressures on conservation and the environment
 - understanding visitor impacts and how to manage them
 - enhancing cultural heritage and protecting the natural environment from visitor impacts
 - delivering system level responses to visitor pressures

¹ [International Visitor Conservation and Tourism Levy — Investment Plan 2023 \(mbie.govt.nz\)](https://www.mbie.govt.nz/information-and-resources/ivl-investment-plan-2023)

- transitioning to a low emissions and resilient heritage and visitor system.
8. Since 2019, the IVL has funded 19 conservation projects, with a total cost of \$46.5 million. IVL funding for conservation projects was most recently agreed by the previous Minister of Conservation on 27 September 2023 and included funding for:
 - Lake Waikaremoana Great Walk reopening, reimagining and Te Urewera pest control plan (\$1.7 million)
 - Tongariro Alpine Crossing Sustainable Management Project (\$1.8 million)
 - National Wilding Conifer Control Programme (\$8.1 million)
 - Biodiversity Investment Approach Project (\$2.2 million).
 9. Timebound funding for the wilding conifer programme (for 2023/24) is coming to an end meaning that the scale of this work will be substantially reduced in future years unless a new source of funds is found.
 10. In November 2023 we advised you of the projected costs to progress with the proposed Waiau-toa/Molesworth Great Walk (23-B-0463 refers). It was suggested that this could be funded by the IVL.
 11. We estimate that it would cost between s.9(2)(b)(ii) to build this new Great Walk, with ongoing costs s.9(2)(b)(ii). On your instruction we are exploring options for enhancing the visitor experience at Waiau-Toa/Molesworth and we will be reporting back in March 2024. IVL funding could still be used to support these options.

The IVL Investment Plan contains eligibility criteria

12. The seven projects have been assessed as being aligned with the eligibility criteria from the IVL Investment Plan. The projects:
 - align with one or more of the IVL investment priorities
 - will have significant impact at places which attract or are affected by international visitors or tourism
 - would not be able to progress due to lack of funding without the IVL
 - have considered whole of life costs and sources of funding have been identified if ongoing funding is required
 - are not, or able to be, fully cost-recovered by users
 - will have quantifiable outputs
 - have considered how they will give effect to the principles of Te Tiriti o Waitangi.
13. We have then internally assessed which projects to recommend using following criteria:
 - consistency with our strategic direction
 - cost effectiveness
 - ability to implement and project readiness
 - level of external support.
14. These criteria ensure projects have a link back to the source and purpose of the IVL fund. A key feature of the fund is that it can fluctuate over time and, in assessing and selecting projects to recommend for funding, that we explicitly consider the risk of creating ongoing cost pressures.
15. The criteria ensure that ongoing costs of funding projects is considered and addressed in the project planning phase. This helps to prevent funding cliffs, or increased erosion

of our baseline by adding new assets without ongoing funding to maintain them or account for depreciation.

Based on the eligibility criteria we recommend seven projects for investment

16. We recommend that you agree to fund seven projects that have been identified from existing or planned high-priority projects with established funding needs. As existing or planned projects, they are already costed and are largely ready to begin implementation once funding is approved.
17. You have delegated decision making authority for projects that have whole-of-life costs less than \$10 million. Projects over \$10 million need to be agreed by all IVL ministers. All seven of the projects fall within your delegated decision-making powers.
18. Table one below summarises the seven projects. Full descriptions can be found in **Attachment A**. The eligibility criteria are applied to the proposed projects in **Attachment B**.

Table one: Proposed projects for investment

Investment Plan priorities	Project purpose/description	Total IVL funding (up to 5 years) including 15 per cent overheads
Protecting and restoring biodiversity	Undertake foundational work for the eradication of pigs, cats and mice from Auckland Island (Maukahuka).	\$3.65m
Protecting and restoring biodiversity; Responding to visitor pressures	s.9(2)(f)(iv)	
Protecting and restoring biodiversity		
Responding to visitor pressures	Redevelop and maintain the track at Cathedral Cove.	\$5.0m
Protecting and restoring biodiversity	s.9(2)(f)(iv)	
Responding to visitor pressures		
Protecting and restoring biodiversity	Increase efforts to keep Aotearoa free of sea spurge.	\$1.28m
	Total	\$25.21m

Alternative options for investment

19. In addition, there are a further four projects which we identified that could be funded through the IVL, but would exceed the funding currently available in the pool. You could choose to replace projects in the recommended package of projects with one or a number of these, providing the total cost is within the \$26 million available in the fund.

Table two: additional projects for investment

Investment Plan priorities	Project	Total IVL funding (up to 5 years) including 15 per cent overheads
Protecting and restoring biodiversity	s.9(2)(f)(iv)	
Protecting and restoring biodiversity		
Protecting and restoring biodiversity		
Responding to visitor pressures	Enhance existing iconic short walks and day hikes.	\$6.0m

Remaining funds in the IVL fund

20. If you approve the seven proposed projects there will be less than \$1 million left in the IVL fund. The fund will grow as the IVL continues to generate revenue.
21. Progressing with the seven projects will delay the possibility of using IVL funds for other priorities in the short-term. If you agree to progress funding the seven projects, forecasting suggests that there will be an additional \$20 million available for use by the end of June 2024.

Risk assessment – Aronga tūraru

22. We consider proceeding with the proposed investments to be low risk. The projects all fit with the Investment Plan priorities and meet the eligibility criteria.
23. The risk of not proceeding is set out in greater detail for each project in **Attachment A**.

Treaty principles (section 4) – Ngā mātāpono Tiriti (section 4)

24. Projects funded through the conservation portion of the IVL must demonstrate how they have considered the Treaty principles. Analysis is provided in more detail in **Attachment B**.
25. Many of the projects considered have established partnerships with mana whenua in design or delivery, respond to aspirations of Treaty partners, or enable information sharing to better inform future shared priorities. Undertaking these projects is consistent with our section 4 obligations under the Conservation Act 1987.

Consultation – Kōrero whakawhiti

26. We have informed MBIE of the seven proposed projects, in line with the approach outlined in the IVL Investment Plan.


Next steps – Ngā tāwhaitanga


27. Should you approve funding for the seven projects, we will prepare further detailed internal business cases so the funding can be allocated and the projects can progress. We will seek your agreement to future projects funded through the IVL early in 2025,

s.9(2)(f)(iv)

ENDS

Attachment A - Information on proposed projects

Project	Undertake foundational work for the eradication of pigs, cats and mice from Auckland Island (Maukahuka)
Purpose	<p>To undertake readiness activities so mammalian predators can be eradicated from Auckland Island.</p> <p>Eradicating pests from Auckland Island is the final step in over 30 years of investment, research, restoration, and innovation in restoring the subantarctic world heritage area.</p>  <p><i>Pig rooting on main Auckland Island versus fields of megaherbs on nearby pest free Enderby Island.</i></p>
IVL funding sought and timeframe	\$3.65m over next two years to undertake readiness activities.
Investment plan priority	<p>Pillar 1: Protecting and restoring indigenous biodiversity.</p> <p>Delivering interventions to protect indigenous species.</p> <p>Delivering landscape scale ecosystem management.</p>
Context	<p>It is expected that this readiness work will be followed by 8 years of project delivery (\$49.57m, including 15% DOC overheads of \$1.7m). This is just under 66% of the total project cost with the remainder to be funded via donations.</p> <p>Feasibility is complete and proven, detailed costing and phasing complete, Operational Plans drafted. Ready to proceed as soon as funding is secured.</p> <p>6 min film about the project</p>
Activities	<ul style="list-style-type: none"> • Recruitment of core project team (6 FTE in first year, increasing to 13 total in year 2) enabling: <ul style="list-style-type: none"> ○ Establishment of project management and governance. ○ Capacity to work with donors and partners. ○ Procurement and readiness for infrastructure programme. ○ Completion of required tool development. ○ Operational planning for pig eradication. • Registration of new feral cat bait.

	<ul style="list-style-type: none"> • New bait bucket (designed and tested) for reliable and accurate sowing of rodent bait at low densities. • Improved trail camera capability using AI to automatically analyse images and improvement to increase durability and battery life in the field. • Baseline monitoring on the island.
Benefits	<p>Of readiness work:</p> <ul style="list-style-type: none"> • Position project ready for implementation. • Capitalise on previous investment in feasibility (\$3.6m) and existing staff knowledge. • Provide external investor confidence. • Improved baseline datasets of native species. <p>Of full project:</p> <ul style="list-style-type: none"> • Delivering interventions to protect indigenous species (>500 species, including 100+ endemic). For 16 species, conservation of the populations of these taxa on the Auckland Islands is essential for the persistence of the taxon nationally. • Delivering landscape scale ecosystem management (46,000ha, uncommon ecosystems including seabird input, peat, tussock, megaherbs). • Creation of protected breeding sites for 38 species of native bird, including nine unique to the island. • Rapidly recover 280+ species of native insects, 95+ of which are found only on the island. • Recover almost 200 species of native plants. • Improve the island's resilience to the effects of climate change. • The legacy of the project will be enduring, with no ongoing cost or intervention needed to maintain its pest-free status.
External partners	<p>There are ongoing discussions with international philanthropists to co-fund the longer term project.</p>
Risks of not going ahead	<p>Continued risk of irreversible biodiversity loss – adding to the tally of 32 bird species already lost from the island.</p> 

Catastrophic risk to neighbouring pest free Adams Island, one of the largest pristine islands in the world. It is at risk of incursion by all three pests. Narrowest gap between stepping stone island is just 77m.

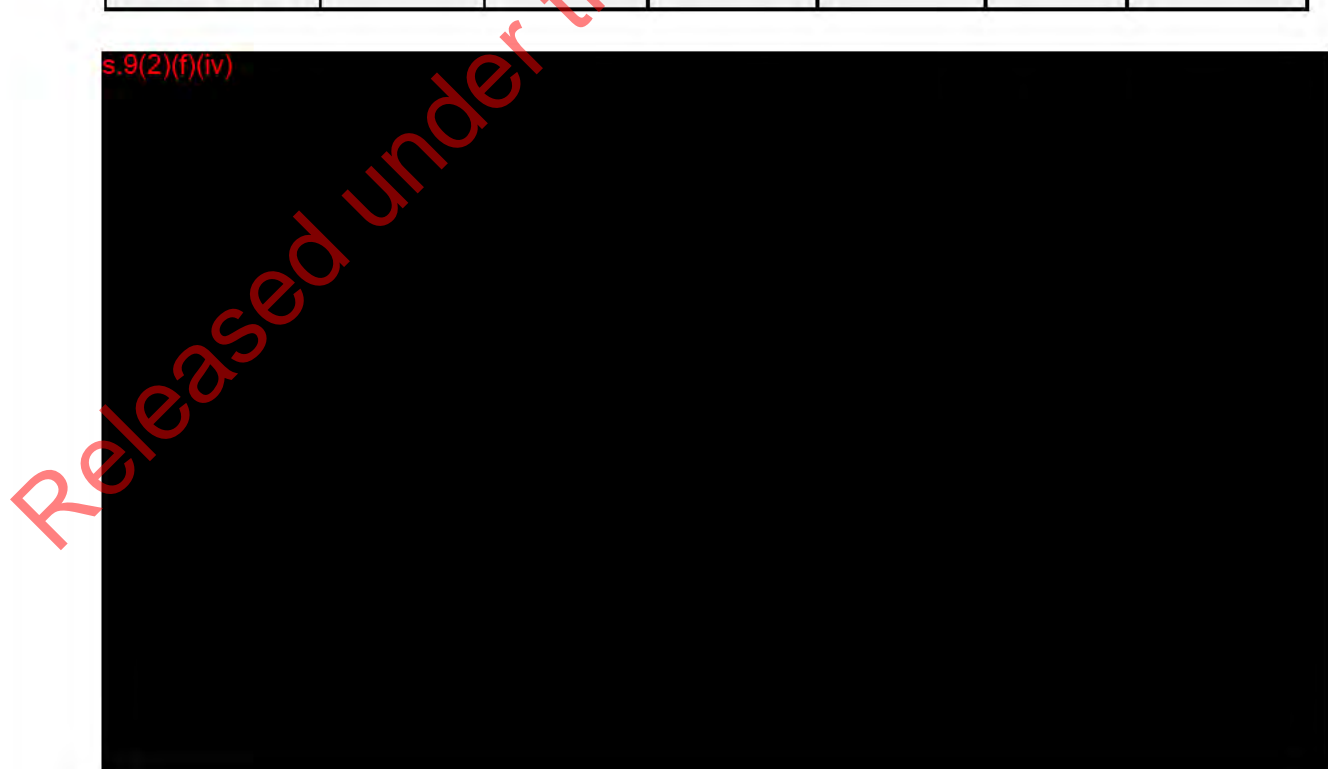
Images: (top) cat scavenging mollymawk fledgling, Auckland Island, (below) pig in white capped mollymawk colony, Auckland Island (Credit Paul Sagar)



Comments Different operating models for the project will be considered to optimise management of capital assets and support services such as IT, HR and financial management.

Financial year ending June	2025	2026	2027	2028	2029	Five year total
Total operating funding, \$m	\$1.47m	\$2.18m				\$3.65m
Total capital funding, \$m						
Total capital and operating funding, \$m	\$1.47m	\$2.18m				\$3.65m

s.9(2)(f)(iv)



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Project	Redevelop and maintain the track at Cathedral Cove
Purpose	To enable the planning, build and reopening of an overland track to Cathedral Cove. This will enable it to reopen by the end of 2024.
IVL funding sought and timeframe	\$5m over five years
Investment plan priority	Pillar 2: Responding to visitor pressures on conservation and the environment. Understanding visitor impacts and how to manage them. Delivering system level responses to visitor pressures.
Context	In 2023, the Cathedral Cove walking track was significantly damaged by successive significant weather events. It was closed by DOC in February 2023 under emergency management conditions; the track has not been reopened since. The current visitor safety risks at Cathedral Cove are higher than tolerated compared to other popular DOC-managed sites used by local and international visitors. Further geotechnical monitoring is underway to determine whether the land has stabilised enough to build an overland track to Cathedral Cove – further land movement and rockfalls have occurred since the storms that may limit options for rebuilding. This information will be assessed alongside visitor safety, iwi values, heritage considerations, land and infrastructure resilience to further storms, visitor management and experience, and financial cost of rebuilding and expected length of life, cost recovery, legal considerations. Closure of the track has caused economic impact to the community dealing with several damaged infrastructure sites including roads. This has led to ministerial interest in the determination of being able to re-open land access to Cathedral Cove and subsequent installation.
Activities	Rebuild - Once preferred option is chosen - implementation and construction. Maintenance - Monitoring, engagement, ongoing safety compliance, technical advice and planning required for options for Cathedral cove experience
Benefits	Reduction in visitor risk Improved connection to iwi heritage and values Increased visitor satisfaction Improved connection to nature and recreation Improved resilience to climate change impacts Improved visitor management Increased contribution to regional GDP
External partners	Ngāti Hei Neighbouring landowner Concessionaries Local communities

Risks of not going ahead	Cathedral Cove not being able to be reopened in some capacity will hold a s.9(2)(g)(ii) Economic impact of reduced visitor numbers to the area. Iwi relationship.
Comments	It is essential that the reopening is done safely for the visitors and in line with iwi values.

Financial year ending June	2025	2026	2027	2028	2029	Five year total
Total operating funding, \$m	\$0.2m	\$0.2m	\$0.2m	\$0.2m	\$0.2m	\$1m
Total capital funding, \$m	\$4m					\$4m
Total capital and operating funding, \$m	\$4.2m	\$0.2m	\$0.2m	\$0.2m	\$0.2m	\$5m


s.9(2)(f)(iv)



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Project	Keeping Aotearoa Free of Sea spurge
Purpose	To prevent sea spurge, an aggressive, transformative coastal weed, from becoming widely established in Aotearoa New Zealand.
IVL funding sought and timeframe	Total funding: \$1.28m over four years
Investment plan priority	Pillar 1: Protecting and restoring indigenous biodiversity. Delivering interventions to protect indigenous species.
Context	<p>Sea spurge (<i>Euphorbia paralias</i>) is a highly invasive weed of coastal ecosystems (sand dunes, rocky/shingle beaches, estuaries, and pasture). It can quickly form large monocultures (150,000 to 180,000 plants per hectare), displacing native vegetation, changing natural erosion patterns, and transforming habitat for native fauna and flora. Sea spurge releases a toxic sap when damaged, this sap can cause rashes and eye damage when in contact with skin and eyes. It is expected that without management sea spurge could dominate thousands of kilometres of NZ's coastlines (from Northland to Rakiura/Stewart Island).</p> <p>Sea spurge disperses from Australia (where it is also highly invasive) to New Zealand via ocean currents. It is at the start of the invasion process in NZ, with approximately 17 low density infestations along our western coastlines (from Karamea, Westland to Dargaville, Northland). Early detection and removal of plants has resulted in local eradication, but this requires sufficient, sustained funding and effort. The most cost-effective time to control an invasive species like sea spurge is at the start of the invasion process.</p>  <p>Figure 1: Sea spurge (reddish stems) taking over a dune ecosystem in Australia. It is expected that sea spurge will show similar spread across NZ if not controlled.</p>
Activities	The following activities will be part of the management programme:

	<ul style="list-style-type: none"> • Best practice management (control) of infestation sites. • Search and destroy activities 15km either side of the coastline where sea spurge has been found. Current management model in lower North Island is DOC working with iwi affiliated contractors to search their rohe for sea spurge. • Surveillance for sea spurge in high priority coastal areas; including rare and threatened coastal ecosystems and iconic coastal sites such as Farewell Spit and Te Pahi sand dunes. If new infestations are found, surveillance funding can be redirected to management. • Communication and education with iwi and coastal care groups to improve NZ's passive surveillance network.
Benefits	<p>Protection of approximately 164 DOC-managed sites as representative of ecosystems that occur on or along coastlines, and could otherwise be impacted by sea spurge to various levels.</p> <p>Protection of rare and threatened coastal ecosystems i.e. Active sand dunes, dune deflation hollows, stable sand dunes, coastal turfs, marine mammal influenced sites, coastal cliffs, shelly barrier beaches, stony beach ridges, estuaries, lagoons and shingle beaches.</p> <p>Protection of habitat of native flora (e.g. pīngao) and fauna (e.g. seals, ground nesting birds such as godwits, penguins, and invertebrates such as <i>Brullea antarctica</i> - an endemic dune specialist beetle).</p> <p>Reduction in risks to human/animal health from sea spurge. Sea spurge has toxic sap that is released when the plant is damaged, this irritates skin and damages eyes with contact</p> <ul style="list-style-type: none"> • Avoidance of health impacts to native fauna (e.g. seals, penguins) that would interact with sea spurge in their habitat. • Maintained safe access to coastal systems for recreation (tourism) and cultural activities. <p>DOC aligning work with Biosecurity New Zealand's: Aotearoa New Zealand Sea spurge Management Strategy 2023-2033 (currently in draft).</p>
External partners	Ministry for Primary Industries, Regional Councils, Sea spurge steering group, impacted iwi, coastal care groups.
Risks of not going ahead	<p>Continuation of an ad hoc funding model will result in sea spurge not being controlled effectively. This will result in it spreading throughout our coastal ecosystems, impacting native flora, fauna, ecosystems and landscape values.</p> <p>s.9(2)(g)(i) the recommendations of the PCE and Environment select committee, including to “fund an effective function for newly emerging risks, including resourcing iwi and hapū to contribute to the scanning for and co-ordinated management of emerging native ecosystem weeds.”</p>
Comments	

Financial year ending June	2025	2026	2027	2028	2029	Five year total
Total operating funding, \$m	\$0.32m	\$0.32m	\$0.32m	\$0.32m		\$1.28m
Total capital funding, \$m						
Total capital and operating funding, \$m	\$0.32m	\$0.32m	\$0.32m	\$0.32m		\$1.28m

s.9(2)(f)(iv)

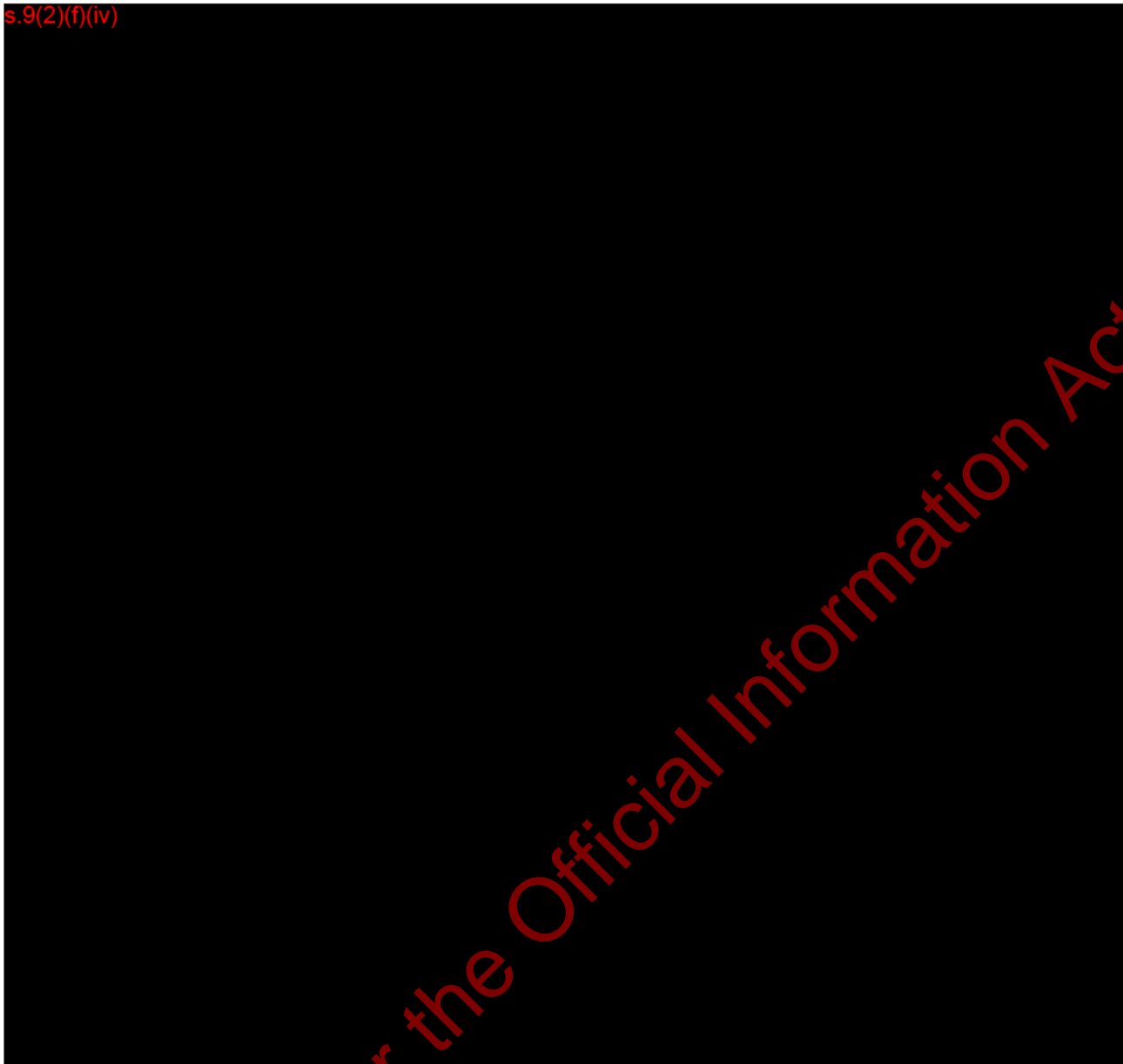
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Project	Enhance existing iconic short walks and day hikes
Purpose	Track enhancement and remediation of DOC's branded Short Walks and Day Hikes as the network is grown to approximately 45 tracks over the next three years. This is to ensure the quality of the experience on our most iconic tracks aligns with visitor expectations. There will be some minor upgrades on several tracks because of capex work orders being deferred.
IVL funding sought and timeframe	Total funding of \$6m over three years
Investment plan priority	Pillar 2: Responding to visitor pressures on conservation and the environment. Enhancing cultural heritage and protecting the natural environment from visitor impacts. Delivering system level responses to visitor pressures.
Context	The SWDH brand is a track network consisting of 16 Short Walks and 5 Day Hikes. Within the brand are DOC's most iconic tracks and

	<p>experiences e.g. Hooker Valley track, Blue Pools. DOC is in the process of growing the network to appropriately 45 to ensure our most iconic and popular walking experiences are well managed and kept to the appropriate standard.</p> <p>Track remediation for the network is a necessary response to the increase in international visitors seeking out these walks, and an increase in the number of significant extreme weather events impacting the track network. The objective is to maintain this network of up to 45 tracks at their existing standard. The additional maintenance work will make the existing and future track network more resilient to increasing visitor impacts, especially during peak summer season (November – March), and future weather events.</p> <p>We also need to ensure Districts have adequate Opex to sustain services during the peak summer season. More funding is required to undertake basic tasks such as toilet cleaning on these popular walks.</p> <p>In recent years, the required maintenance work has not been fully funded as visitor safety tasks have taken a priority.</p>
Activities	<p>Short Walking experience (under three hours)</p> <p>Day Hike (Over three hours)</p>
Benefits	<p>The additional maintenance work will make track network more resilient to increasing visitor impacts, especially during peak summer season (Nov – Mar), and future weather events. Also, ensure basic service are sustained during the peak summer season (start of November to the end of March)</p>
External partners	<p>Iwi, hapu, and whānau can play a central role in planning and managing these walks. A strong, clear voice from iwi and te taiao is provided within the SWDH work we deliver on the ground.</p>
Risks of not going ahead	<p>The overall services and standards of SWDH network will decline as deferred maintenance work increases due to the impacts of increased visitor numbers.</p> <p>Tracks will be out of action for longer and more costly to restore when impacted by severe weather events.</p> <p>Voice of iwi at our most iconic places is at risk of slow decline.</p>
Comments	<p>The SWDH brand will be expanded from 21 to 45 walks over the next 3-5 years (subject to investment).</p> <p>Opex funding will target peak summer season tourism pressures to ensure services are sustained e.g. toilet cleaning, rubbish removal, potholes in carparks. The balance will target deferred maintenance, so tracks are more resilient to increasing tourism pressures and weather events. Some may be utilised to install a greater level of product management and reporting. This is secondary to any track remedial or enhancement work.</p> <p>Capex will address existing deferred maintenance where the work is recorded as an assets. For example, the replacement of old signage, faded interpretation panels, broken water culverts, and partial track resurfacing. The objective is to maintain existing standards. The capex will be utilised for both existing and proposed branded tracks.</p>

Financial year ending June	2025	2026	2027	2028	2029	Five-year total
Total operating funding, \$m	\$0.65m	\$0.7m	\$0.65m			\$2m
Total capital funding, \$m	\$2m	\$2m				\$4m
Total capital and operating funding, \$m	\$2.65m	\$2.7m	\$0.65m			\$6m

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Attachment B - Assessment of projects against IVL eligibility criteria

	The project aligns with one or more of the IVL investment priorities	The project will have significant impact at places which attract or are affected by international visitors or tourism	The project would not be able to progress due to lack of funding without the IVL	The project has considered whole of life costs, and sources of funding have been identified if ongoing funding is required	The project is not, or able to be, fully cost-recovered by users	There will be quantifiable outputs from the project	The project has considered how it will give effect to the principles of Te Tiriti o Waitangi
<p>Undertake foundational work for the eradication of pigs, cats and mice from Auckland Island (Maukahuka)</p>	<p>Pillar 1: Protecting and restoring indigenous biodiversity.</p> <p>Delivering interventions to protect indigenous species, delivering landscape scale ecosystem management</p>	<p>Elite and valued destination for tourism via cruise operators.</p> <p>Disproportionately high number of visitors to ratepayers.</p>	<p>There are no allocated funds, B22 will not fund this project.</p> <p>Good levels of philanthropic interest but all are contingent on DOC commitment to at least 50% of the project eg Island Ocean Connection Challenge will fund \$1 for every \$2 of domestic investment.</p>	<p>Total life of project is 10 years (2 years of readiness followed immediately by 8 years of implementation)</p> <p>No ongoing costs beyond standard biosecurity procedures which are already in place.</p> <p>Most assets will be uninstalled and disposed of at the end of the project. Minimal assets will remain on island and their maintenance will be transferred to Murihiku.</p>	<p>Project is not able to be cost recovered.</p>	<p>Investment in readiness years will buy:</p> <ul style="list-style-type: none"> • Project team ready to begin Infrastructure program • New cat and pig baits registered for use in New Zealand • Low sow bait bucket designed and tested and available in NZ • AI and trail camera developments available across DOC and PF 	<p>Strong established relationship with Ngai Tahu ki Murihiku including involvement and support.</p>

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	s.9(2)(f) (iv)	s.9(2)(f)(iv)		s.9(2) (f)(iv)			
Redevelop and maintain the track at Cathedral Cove	<p>Pillar 2: Responding to visitor pressures on conservation and the environment.</p> <p>Understanding visitor impacts and how to manage them.</p> <p>Delivering system level responses to visitor pressures.</p>	<p>Very high visitor pressure site and 85% of visitors are international. Prior to covid and closure, this site was the 4th highest visited DOC site at its peak. Closure of site estimated to impact on regional GDP by \$3-4M in first year of closure.</p>	<p>\$1m Capital funding from Treasury this will expire this year with no roll over option, this will not be used.</p> <p>\$300k was funded from cyclone recovery for maintenance, this will be used this financial year. No further funding is available.</p>	<p>\$3m will allow for planning future options, building, and maintenance establishing the operation of a new service model in place</p>	<p>This funding will provide the ability to consider mechanisms of cost recovery but is unlikely to be fully cost recovered by users. Cost recovery may not be possible under legal and statutory considerations.</p>	<p>Reduction in visitor risk.</p> <p>Improved connection to lwi heritage and values.</p> <p>Increase in visitor satisfaction.</p> <p>Improved connection to nature and recreation.</p> <p>Improved resilience to climate change impacts.</p> <p>Improvement in visitor management.</p> <p>Increase in contribution to regional GDP.</p>	<p>Ngāti Hei Overlay Classification Values and Protection Principles has been established for the Cathedral Cove Recreation Reserve through the Ngāti Hei Deed of Settlement.</p> <p>With the forthcoming settlement it is critical to take account of these values and principles for future site options before enactment, to prepare the relationship with mana whenua to enable implementation of the settlement.</p>

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	s.9(2)(f)(iv)						s.9(2)(f)(iv)
Increase efforts to keep Aotearoa free of sea spurge	Pillar 1: Protecting and restoring indigenous biodiversity Delivering interventions to protect indigenous species.	Our coastal ecosystems and scenery are a large draw card for international tourists. If allowed to spread Sea spurge will alter many coastal ecosystems such as iconic dune systems at Te Pahi and Farewell spit. It will also limit safe access to coastal systems	Current sea spurge funding is ad hoc (DOC funding currently a cost pressure), with no long-term certainty. This makes it impossible to have a cohesive and effective management programme. This ad hoc approach will significantly increase the likelihood of sea spurge spreading uncontrolled along our coastlines.	Yes - All funding is opex, and regional councils will have sufficient time to incorporate sea spurge into their regional pest management plans. It is expected after 4 years current sea spurge infestations will be significantly smaller and cheaper to manage.	There are no cost-recovery options available from users of coastal environments	Yes. The funding will result in all known populations to be sufficiently managed. Outputs will decline in sea spurge populations at known infestation sites, surveillance of hundreds of kilometres of coastline. Iwi and coastal groups engagement.	When funding has been available DOC has employed local iwi-affiliated contractors to survey the coastline for sea spurge, empowering iwi in their role of kaitiaki within their rohe. DOC would like to continue this model for sea spurge management.

s.9(2)(f)(iv)

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s.9(2)(f)(iv)

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<p>Enhancing our iconic Short Walks Day Hikes</p>	<p>Pillar 2: Responding to visitor pressures on conservation and the environment.</p> <p>Enhancing cultural heritage and protecting the natural environment from visitor impacts.</p> <p>Delivering system level responses to visitor pressures.</p>	<p>Yes. This is investing in the most iconic walks on public conservation land and will generate GPD</p>	<p>This track network carries significant risk of slow decline and increased deferred maintenance costs without additional IVL investment.</p>	<p>Yes – this investment is already part of 4-year plans within Operations.</p>	<p>No cost recovery is possible in the short term.</p>	<p>There are existing processes in place to ensure funding reduces tourism pressure and can report on outcomes.</p>	<p>Yes – this a key outcome for the product set.</p>
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Briefing: Final International Visitor Levy Projects and Supplementary Information

To	Minister of Conservation	Date submitted	1 March 2024
Risk Assessment	Low The projects align with the IVL investment plan priorities and meet eligibility criteria.	Priority	Normal
Reference	24-B-0111	DocCM	DOC-7577737
Security Level	In Confidence		

Action sought	Agree to fund the package of projects in Attachment A from the IVL	Timeframe	19 March 2024
Attachments	Attachment A – Package of Projects Attachment B – Supplementary Information on Projects Attachment C – Short Walk and Day Hikes Map		

Contacts	
Name and position	Cell phone
Ruth Isaac, Deputy Director-General, Policy and Regulatory Services	s.9(2)(a)
James Johnson, Manager, Budget and Funding Policy Team	

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Executive summary – Whakarāpopoto ā kaiwhakahaere

1. Officials previously provided you with a briefing outlining a proposed package of projects which could be funded out of the International Visitor Conservation and Tourism Levy (IVL, 24-B-0043 refers).
2. After considering the proposed package and discussing it with officials, you have outlined some preferred projects to fund as well as several projects that you wanted more information on before deciding on the funding package. This briefing provides extra information on projects where it was requested, and seeks your agreement to a final package of projects.
3. You indicated a preference for providing IVL funding for the following projects, and also requested some supplementary information:
 - Redeveloping and maintaining the track at Cathedral Cove;
 - s.9(2)(f)(iv) [redacted]
 - Enhancing existing iconic short walks and day hikes; and
 - Increasing efforts to keep Aotearoa free of sea spurge.
4. You indicated more information was needed on the following projects before a final decision would be made:
 - Foundational work for the eradication of pigs, cats and mice from Auckland Island / Maukahuka;
 - s.9(2)(f)(iv) [redacted]
 - [redacted]
 - [redacted]
5. You confirmed that the following projects would not be receiving IVL funding:
 - s.9(2)(f)(iv) [redacted]
 - [redacted]
 - [redacted]
6. The full package of possible projects is provided in Attachment A, including our recommended final package. The further detailed information you requested on some of the projects has been provided in Attachments B and C.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Agree to fund the recommended package of projects in Attachment A from the IVL	Yes / No
b)	Note that supplementary information on the projects has been provided in Attachments B and C	



Date: 29 / 2 /24

Ruth Isaac
Deputy Director-General
Policy and Regulatory Services
For Director-General of Conservation

Date: / /

Hon Tama Potaka
Minister of Conservation

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Purpose – Te aronga

1. To seek your agreement to fund a package of high-priority projects using the International Visitor Conservation and Tourism Levy (IVL), which align with the IVL Investment Plan 2023.

Background and context – Te horopaki

2. Officials previously provided you with a briefing outlining a proposed package of projects which could be funded out of the IVL, as well as some extra projects that could be funded if you preferred (24-B-0043 refers).
3. After considering the proposed package and discussing it with officials, you have outlined some preferred projects to fund as well as several projects that you wanted to see more information on before deciding.
4. This briefing follows on from that initial briefing and provides the requested follow up information to support you to decide on the rest of the projects to fund out of the IVL.
5. As of January 2024, there is approximately \$26m worth of funding available for conservation projects. This is forecasted to grow by an additional \$20m by the end of June 2024. The fund will continue to grow as the IVL generates revenue.

Previously proposed IVL package

6. The initial package proposed by officials consisted of the following projects, with a total cost of approximately \$25m:
 - Foundational work for the eradication of pigs, cats and mice from Auckland Island / Maukahuka;
 - s.9(2)(f)(iv) [REDACTED]
 - [REDACTED]
 - Redeveloping and maintaining the track at Cathedral Cove;
 - s.9(2)(f)(iv) [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - Increasing efforts to keep Aotearoa free of sea spurge.
7. The other projects that were provided as possible alternatives included:

- s.9(2)(f)(iv) [REDACTED]
- [REDACTED]
- [REDACTED]
- Enhancing existing iconic short walks and day hikes.

The final package of IVL projects

8. You have indicated a preference for the following projects, and in some cases have asked for further information as well:
 - Redeveloping and maintaining the track at Cathedral Cove;
 - s.9(2)(f)(iv) [REDACTED]
 - Enhancing existing iconic short walks and day hike; and

- Increasing efforts to keep Aotearoa free of sea spurge.
9. These projects have a total estimated cost of \$14.16m, leaving just less than \$12m available for choosing possible projects to fund. Attachment A has our recommended list of projects which can be funded out the IVL, as well as their estimated costs.
 10. You have indicated that you need further information on the following projects before deciding on whether to include them in the final package of funded projects. The extra information is provided in Attachments B and C.
 - Foundational work for the eradication of pigs, cats and mice from Auckland Island / Maukahuka;
 - s.9(2)(f)(iv) [redacted]
 - [redacted]
 - [redacted]
 11. We recommend including the foundational work on Auckland Island s.9(2)(f)(iv) [redacted]. These are the highest priority projects from the Department's perspective.
 12. s.9(2)(f)(iv) [redacted]

Further information on Wilding Conifers and Jobs for Nature

13. When meeting with officials you asked for further information on some related projects including the funding gap for managing wilding conifers and examples of Jobs for Nature Projects that can be funded through the IVL. While not included in the proposed package in Attachment A, these could be funded through future IVL funding.

Wilding Conifers

14. The current budget for this financial year between DOC and MPI for the Wilding Conifer Control Programme is: \$17.5 million. This is made up of annual funding for the programme of \$10.5 million and supplementary IVL funding from 2023 providing an extra \$7.5 million. This is enabling approximately 300,000 extra hectares of deferred maintenance to occur.
15. There is still a shortfall of around \$8 million in 'deferred maintenance' this year, to reach the Programme's estimate of \$25 million/annum needed to maintain current Management Units – ie: in areas that have received control through Jobs for Nature / Wilding Conifer Control Programme funding to date.
16. Ongoing MPI programme funding is confirmed at \$10 million/annum into the future. \$35 million/annum is the estimated level of funding needed to bring in the next priority management units and prevent spread into new regions. We understand MPI is developing advice for ministers on funding options.
17. Further IVL funding could be used to plug some of the funding gap in the short term, but this would have implications for other projects receiving funding through the IVL. We don't consider using IVL funding as a sustainable long-term funding solution for wilding conifer control.

18. DOC has also planned for our operations teams to undertake 35,000ha of our own wilding conifer control, funded from baseline. This doesn't meet the low range of our non-financial planning levels which seeks 80,000ha to be controlled.

Jobs for Nature

19. There are a number of Jobs for Nature projects which could be considered in future funding rounds. While we see these as important projects to continue, we do not consider them to be as high priority as those outlined in attachment A for the current IVL funding round. Projects such as:
- Nga Awa Whanganui: Te Awa Tupua o Whanganui, Manawatū-Whanganui (\$7.8M), Ngā Tāngata Tiaki Custodian Trustee Limited;
 - Te Waipounamu/South Island Threatened Species Recovery, Canterbury (\$5.1M), DOC in partnership with Ngāi Tahu; and
 - Tū Mai Taonga – Aotea Great Barrier Island, Auckland (\$2.1M), Ngāti Rehua Ngātiwai Ki Aotea Trust Board.
20. We are providing further detail to you on these, and other, exemplary projects in March.

Risk assessment – Aronga tūrarū

21. We consider proceeding with the proposed investments to be low risk. The projects all fit with the Investment Plan priorities and meet the eligibility criteria.

Treaty principles (section 4) – Ngā mātāpono Tiriti (section 4)

22. Projects funded through the conservation portion of the IVL must demonstrate how they have considered the Treaty principles. The previous briefing outlined in more detail how each of the projects have done this (24-B-0043 refers).

Consultation – Kōrero whakawhiti

23. We have informed MBIE of this briefing and the proposed projects, in line with the approach outlined in the IVL Investment Plan.

Financial implications – Te hīraunga pūtea

24. Any funding decisions made now will influence the amount of the money available in the short term for other priorities, such as providing options for enhancing visitor experience at Waiau-Toa/Molesworth.

Legal implications – Te hīraunga a ture

25. There are no legal or legislative implications to this funding decision.

Next steps – Ngā tāwhaitanga

26. We seek final decisions on the projects you wish to include in this funding round.
27. Based on your selections, we will prepare further detailed internal business cases for the chosen projects so the funding can be allocated and projects can progress. We will seek your agreement to future projects funded through the IVL early in 2025 as an annual process, s9(2)(f)(iv) . However, funding can be used sooner if other priority projects arise which need funding.

ENDS

Attachment A - Package of Projects

Recommended package

Project	description	Total IVL funding	To be included in the package (Yes/No)
Redeveloping and maintaining the track at Cathedral Cove	Enable the planning, build and reopening of an overland track to Cathedral Cove. This will enable it to reopen by the end of 2024.	\$5m	Yes/No
s.9(2)(f)(iv)	[REDACTED]	[REDACTED]	[REDACTED]
Enhancing existing iconic short walks and day hikes	Track enhancement and remediation of DOC's branded Short Walks and Day Hikes as the network is growing to approximately 45 tracks over the next three years. This is to ensure the quality of the experience on our most iconic tracks aligns with visitor expectations.	\$6m	Yes/No
Increasing efforts to keep Aotearoa free of sea spurge.	Prevent sea spurge, an aggressive, transformative coastal weed, from becoming widely established in Aotearoa New Zealand.	\$1.28m	Yes/No
Foundational work for the eradication of pigs, cats and mice from Auckland Island / Maukahuka	Undertake readiness activities so mammalian predators can be eradicated from Auckland Island. Eradicating pests from Auckland Island is the final step in over 30 years of investment in restoring the subantarctic world heritage area.	\$3.65m	Yes/No
s.9(2)(f)(iv)	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total:		\$25.81m	

Extra project outside our recommended package:

s.9(2)(f) [redacted]	[redacted]	[redacted]	[redacted]
(iv) [redacted]	[redacted]		
[redacted]	[redacted]		
[redacted]	[redacted]		

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Attachment B - Supplementary Information on Projects

Project	Requested information
<p>Redeveloping and maintaining the track at Cathedral Cove</p>	<p>What have we spent on upgrading the track in the past? How does this relate to the current proposal?</p> <p>Previous costings for Cathedral Cove:</p> <ul style="list-style-type: none"> • Full upgrade of the Cathedral Cove track - \$611,600 (GST exclusive) 2017 • Proposal to improve visitor flow and infrastructure resilience of staircase to access beach - \$120,000 (GST exclusive). This build was not completed and the infrastructure was destroyed in 2023. <p>We have spent \$171,000 on repair works at Cathedral Cove since Cyclone Gabrielle – this does not include staff time.</p> <p>IVL funding is requested to cover more than the previous estimates did due to cyclone damage remediation, new resilient infrastructure requirements, and visitor risk mitigations. This could cover, depending on the options selected:</p> <div data-bbox="411 891 1401 1639" style="background-color: black; color: white; padding: 5px;"> <p>s9(2)(b)(ii), 9(2)(i)</p> </div> <p>Please note: indicative costings.</p> <p>Our final figure of \$5m in the project list in Attachment A accounts for extra capital funding which can be swapped for ongoing opex funding. This ensures DOC is not increasing depreciation liabilities through this project.</p>
<p>s.9(2)(f)(iv)</p>	<p>[Redacted]</p>

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	<p>s.9(2)(f)(iv)</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>
<p>Enhancing existing iconic short walks and day hikes</p>	<p>A full map of the Short Walks and Day Hikes we currently have and where the new ones will be is found in Attachment C</p> <p>How do these relate to our current closed tracks:</p> <p>Currently 46 Tracks remain closed due to the cyclone. Of these, work is being done to reopen 11 and are tracking for a June reopening. For the remainder, we are considering options and engaging with stakeholders on the possibility for retreating, reimagining, as well as future visitor network thinking as to whether we will re-open them.</p> <p>There are over 1500 tracks managed by DOC in the North Island.</p> <p>More than 90% of about 500 visitor sites on public conservation land across the North Island which closed due to weather events last summer have been checked, cleaned up, repairs completed and re-opened to the public.</p> <p>About 65 visitor sites including tracks, camps and amenity areas remain closed to the public - these include sites with minor and major damage and sites in the Coromandel and Hawke's Bay that can't be accessed due to damage to roads.</p>
<p>Increasing efforts to keep Aotearoa free of sea spurge.</p>	<p>What control methods are there beyond manual removal?</p> <p>Herbicides can successfully control sea spurge. In Australia hand pulling and/or spot spraying with herbicide are used for small infestations, while aerial boom spraying is done for large infestations.</p> <p>In NZ spot spraying has been used to initially control the two largest infestations. However, because we are aiming for eradication at a site, i.e. all individuals need to be found and killed, hand-pulling while searching is an efficient method of removal (small plants are easy to remove by hand). It also ensures plants are completely killed, and there is little impact on the surrounding vegetation. Correct PPE must be used.</p> <p>Hand-pulling also makes it easy to count the number of plants removed every 4 months. The counts inform us on whether the sea spurge population is tracking towards eradication (multiple visits with zero plants found). This information is being used for future sea spurge management and costing.</p>

Should we be doing more to find a tool?

We have adequate control tools for sea spurge when we find it. DOC also ran a successful trial at the Kahurangi National Park site to remove the seedbank, this significantly reduced the number of plants establishing over time, with only 1 found in the last 18 months.

The development of better surveillance tools is required and will improve our ability to find sea spurge (e.g. the use of detection dogs or drones/aerial imagery).

Where are we currently doing control and where we could we do more control?

For areas where DOC controls sea spurge:

Location	Sites to be managed	Date infestations found	Management status
Scott's Beach Kahurangi NP	1	2020	Best practice established. Population declining, no plants found in >1 year.
Kāpiti and Manawatū coastline	18 (with support of Regional Councils)	2019-2023	Best practice established. Infestations still being found. Ongoing control and surveillance of coastline required for several years.
Dargaville	1	Nov 2023	Need to establish best practice. Surveillance required to check for other infestations along the coastline.

Although the other sea spurge sites are managed by regional councils, the IVL funding will allow DOC to undertake surveillance at some of our most susceptible, high biodiversity coastal sites.

Foundational work for the eradication of pigs, cats and mice from Auckland Island / Maukahuka

Auckland Island / Maukahuka's importance for biodiversity:

Auckland Island / Maukahuka is recognised for its outstanding natural heritage values. The island is recognised internationally through its status as a UNESCO World Heritage site, one of only two such sites in New Zealand.

The Auckland Islands are the most biologically rich of the NZ Subantarctic Islands Area. All except the Snares have associated marine reserves. The Islands are a stronghold of taonga, harbouring remarkable and rare subantarctic flowers and animals. Their isolation in the productive waters of the Southern Ocean has shaped extraordinary adaptations and unique biodiversity, represented by over 500 native species.

Life form	Native species	How many are endemic species (found nowhere else)	
Vascular plants	196	5	Richest flora of all New Zealand's subantarctic islands

Invertebrates	>280	95	Largest number of invertebrates of all New Zealand's subantarctic islands
Land birds	13	6	Highest count for any of New Zealand's Subantarctic islands
Seabirds	25	3	Globally significant site for many species

NZ's subantarctic is arguably the seabird capital of the world with more than 40 species of seabird which rely on the islands for breeding (11% of the world's seabird species). These include three great albatross (Gibsons, Antipodean and Southern Royal) and three in the mollymawk group (Campbell, Savins and white-capped) and tens of species of burrowing petrels.

The large number and diversity of seabirds includes four species of penguin that breed there – Hoiho Yellow-eyed penguin, endemic Erect Crested and Snares Crested penguin and the Eastern Rockhopper.

Auckland Island / Maukahuka is the main breeding ground for the Southern Right Whale. It is a breeding ground for NZ Sealion and important refuge for fur seals which were once hunted to near-extinction. It is also a World Centre of Floristic Diversity (International Union for the Conservation of Nature; IUCN).



Figure 1 Clockwise from top left: *Stilbacarpa polaris*, *Anisoteme*, *Bulbinella*, *rata*, tussock tops, coastal forest understorey, *rata* forests from above; (photos of megaherbs and intact understorey are from pest-free Enderby Island in the group)

There are 15 endemic species of land and fresh-water birds including Antipodes parakeet and flightless birds include several subspecies of Subantarctic snipe and the Auckland Island rail.



Auckland Island teal, Auckland Island snipe, Auckland Island falcon, Auckland Island Banded Dotterel, Auckland Island pipit

Outcomes:

Invasive mammals are a threat to global biodiversity, especially on islands where endemic species are particularly vulnerable. After nearly 30 years of pioneering pest control work in the NZ Subantarctic Islands Area, Auckland Island / Maukahuka is now the last of these islands where mammalian pests remain. Introduced pigs, mice and cats on have inflicted severe ecological damage over the past 200 years and continue to erode the ecological integrity of the island.



Left: pig rooting on Auckland Island, Right: fields of megaherbs on pest free Campbell Island



Left: presence of pigs decimating understorey; Right: absence of pigs

Eradicating invasive mammals on Auckland Island / Maukahuka would provide important momentum for the national Predator Free 2050 goal via development of capability in several fields of pest management technologies demanded by the step change in scale required for the project. The project would help to leverage investment in conservation, including progression of conservation goals in the global subantarctic area.

Successful eradication of mammalian pests would complete the vision of a pest-free NZ Subantarctic Islands Area and enable permanent recovery of native wildlife over time. It will also reduce the risk of incursions to other pest-free islands in the region and associated catastrophic consequences and response costs.

What revenue/concessions income does the Department receive from the Subantarctic islands?

The main source of revenue from the Subantarctic Islands comes from the Visitor Management Fee (VIM) of \$405 per person. Revenue from the VIM is used for operational management of the Subantarctic Islands with a focus on maintenance of infrastructure and biodiversity/biosecurity requirements.

Year	VIM Revenue
2019/20	\$365,715
2020/21	\$0 (COVID –waiver of VIM fee)
2021/22	\$98,865 (COVID partial waiver of VIM fee)
2022/23	\$444,825
2023/24	\$674,730 (Forecasted revenue as season still in progress)

National biodiversity funding is budgeted to deliver high priority research and monitoring outcomes. This money comes via the department and via the Commercial Fishing Industry (approx. 50% split) This funding varies from year to year and ranges from \$500,000 to \$950,000

Over the last two years there has been \$500k of unsolicited donations from tourists. These donations are for the Predator Free Maukahuka eradication programme. This money is held in a Trust for the specific purpose of the Maukahuka project.

How many people visit the islands? And what is purpose of the visit ie: DOC staff, Researchers, Tourists?

Visiting the Subantarctic Islands is closely managed via the Southland Murihiku Conservation Management Strategy which currently has a limit on the amount of tourism-based visitation. Tourism based visitation is closely linked to Antarctic tourism and is always as a day visit. The following are numbers of tourist visitors since 2019.

Year	Tourism Visitor Numbers
2019/20	903
2020/21	241(COVID)
2021/22	261(COVID)
2022/23	1097
2023/24	1666 (Forecasted numbers as season still in progress)

DOC Staff and external researchers visit the Subantarctic Islands to undertake several different operational functions such as infrastructure maintenance and biodiversity work, including monitoring and research. These numbers vary from 40 to 60 people annually. The length of these stays vary from seven days to three months, hence the need for suitable infrastructure to support safe and healthy living.

s.9(2)(f)(iv)

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Magnus Monahan

From: James Johnson (Policy Manager)
Sent: Friday, 8 March 2024 10:14 am
To: Harry.Evans
Cc: Magnus Monahan; Government Services; Cameron Loader
Subject: FW: FYI: Draft Cabinet paper and discussion document IVL rate review
Attachments: 2324-2300 IVL Cabinet Paper and Discussion Document for Ministerial Consultation.pdf; Annex One - Draft Cabinet Paper IVL rate increase.docx; Annex Two - Draft Discussion Document.docx

Follow Up Flag: Follow up
Flag Status: Completed

Hi Harry,

Here's some context and feedback on the IVL cab paper. Sorry for the delay, about half the team are off sick, and I'm (in theory) not working today.

Context

- Under the Immigration Act 2009, the Minister for Tourism and Hospitality technically has the responsibility for consulting on and the setting the rate of the IVL. However, we support the cab paper being a joint paper, given the impact on both portfolios.
- **9(2)(f)(iv)** MOC's feedback on this paper was that he would only support it if the rate increase was in the range of \$35-\$65 (making the total rate \$70-\$100), this is why we have included the feedback about incorporating a \$100 option in the discussion document (which I understand you have passed on already).

Feedback

- DOC supports an increase in the rate of the IVL to provide increased funding for conservation.
- We don't see a strong need to consult conservation stakeholders on the IVL rate change. The rate change most directly impacts the tourism sector, as it may impact the number of tourists entering the country.
- We recommend including an option in the discussion document to raise the rate to \$100. The Department of Conservation incurs significant costs providing tracks, huts and other infrastructure which are used by international visitors. DOC also undertakes biodiversity work which supports making New Zealand such an attractive destination for international visitors. A larger increase in the rate of the IVL would support more of these costs being borne by international visitors.
- Research carried out for the Milford Opportunities Project provides evidence that international tourists will support paying fees if the money is used for conservation.
 - 83-95% of international tourists (depending on country of origin) agree or strongly agree with the statement "Tourists should be contributing to the conservation of the natural environment of the destination they are visiting".
 - 73-92% of international tourists (depending on country of origin) support the idea of an international visitor access fee for Milford if the funds are used for conservation and visitor infrastructure.
- If an increase in the rate of the IVL is agreed, we recommend further discussions on the settings for how the revenue is spent. The present use of the IVL for one-off funding can create ongoing cost pressures for DOC and we would like to explore options for addressing this issue.

• 9(2)(g)(i)

Cheers,

James.

From: Harry Evans 9(2)(a)

Sent: Friday, March 1, 2024 4:20 PM

To: James Johnson (Policy Manager) <jamesjohnson@doc.govt.nz>; Catherine Wilson <catwilson@doc.govt.nz>; Ruth Isaac <risaac@doc.govt.nz>; Mike Tully <mtully@doc.govt.nz>

Cc: Tui Arona (parliament) 9(2)(a)

Subject: FW: FYI: Draft Cabinet paper and discussion document IVL rate review

Kia ora – we’ve received this from Min Doocey’s office – can we please have some feedback to provide to our office by COP Thursday 7 March

Please see attached draft cab paper and discussion document on the proposed IVL rate increase + MBIE advice for your awareness.

Ngā mihi nui



Harry Evans

Private Secretary – Conservation | Office of Hon Tama Potaka MP

Minister of Conservation | Minister for Māori Development
Minister for Māori Crown Relations: Te Arawhiti | Minister for Whānau Ora
Associate Minister of Housing (Social Housing)

DDI: 9(2)(a) | M: 9(2)(a)

Email: 9(2)(a) | Website: www.beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Please also send all e-mails directed at me to my colleague: Tui Arona 9(2)(a)



BRIEFING

Review of the International Visitor Conservation and Tourism Levy for lodgement

Date:	13 March 2024	Priority:	Urgent
Security classification:	Budget - Sensitive	Tracking number:	MBIE: 2324-2472 DOC: 24-B-0142

Action sought		
	Action sought	Deadline
Hon Tama Potaka Minister of Conservation	Agree to lodge the attached Cabinet Paper	14 March 2024
Hon Matt Doocey Minister for Tourism and Hospitality		14 March 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Danielle McKenzie	Manager, Tourism Stewardship and Systems	9(2)(a)	✓
Ruth Isaac	Deputy Director-General, Policy and Regulatory Services, DOC	9(2)(a)	✓
James Johnson	Manager, Budget and Funding Policy, DOC	9(2)(a)	
Patrick West-Oram	Principal Policy Advisor, Tourism Stewardship and Systems		

The following departments/agencies have been consulted

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments

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Review of the International Visitor Conservation and Tourism Levy for lodgement

Date:	13 March 2024	Priority:	Urgent
Security classification:	Budget - Sensitive	Tracking number:	MBIE: 2324-2472 DOC: 24-B-0142

Purpose

This paper updates you to changes made to the International Visitor Conservation and Tourism Levy Review 2024 Cabinet Paper and Discussion Document following Ministerial consultation. We also seek your agreement to lodge the attached Cabinet Paper and Discussion Document for consideration at the Cabinet Economic Policy Committee on 20 March.

Recommended action

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

- a **Note** changes made to the Cabinet Paper and Discussion Document made following Ministerial Consultation

Noted

- b **Agree** to lodge the attached Cabinet Paper and Discussion Document for discussion at the Cabinet Economic Policy Committee

Agree / Disagree



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

13 / 03 / 2024



Ruth Isaac
Deputy Director-General
 Policy and Regulatory Services, DOC

13 / 03 / 2024

Hon Tama Potaka
Minister of Conservation

..... / /

Hon Matt Dooney
Minister for Tourism and Hospitality

..... / /

Background

1. The Minister for Tourism and Hospitality recently agreed to release the draft Cabinet Paper and Discussion Document covering the proposed increase in rate of International Visitor Conservation and Tourism Levy (IVL) for Ministerial consultation [MBIE Briefing 2324-2300 refers].
2. Ministerial consultation began on 1 March 2024.
3. We received comment from the Minister of Conservation who requested the Cabinet Paper be presented by both the Minister of Conservation and the Minister for Tourism and Hospitality. Officials have amended the papers to reflect this new approach.
4. The Minister of Conservation also requested the options be expanded to include a new charge of \$100, a \$65 increase. This option has been added to both the Cabinet Paper and the Discussion Document.
5. The Minister of Finance requested we provide additional analysis on the impact of any increase in the IVL. As there is no up-to-date modelling available to assess elasticity of travel intention for the post-COVID period we have used an earlier model to provide indicative figures. This model does not consider the potential impact of wider price changes, and as a result we recommend it is used to provide very high-level indications only.
6. 9(2)(f)(iv) [Redacted]
We have made an adjustment to the Cabinet paper to cover these points, though recommend no decision is made on this choice until officials have been able to provide more thorough advice.
7. 9(2)(f)(iv) [Redacted]
8. These papers will be lodged on 14 March for discussion at the Cabinet Economic Policy Committee (ECO) on 20 March 2024.

Amendments to papers

9. Officials have amended the Cabinet Paper and Discussion Document to reflect this is now a joint proposal between the Minister of Conservation and the Minister for Tourism and Hospitality.
10. We have also added the new option of increasing the rate of the IVL to \$100 to both the Discussion Document and Cabinet paper.
11. We have added a new section to the Cabinet paper which shows the potential impact of the IVL rates rise, though as above officials note the limitations of this data.
12. 9(2)(f)(iv) [Redacted]
13. These amendments do not make significant changes to the content of the Cabinet Paper or Discussion Document.

Ministerial Introduction to the Discussion Document

14. We have now prepared a Ministerial introduction to the Discussion document. This is included in the attached draft Discussion Document.
15. Any comments on this introduction can be incorporated following the Cabinet Discussion.

Regulatory Impact Assessment requirements for Cabinet

16. An MBIE Regulatory Impact Analysis Review Panel (RIARP) has reviewed the Discussion Document and determined that it 'does not meet' the criteria required for Regulatory Impact Statements. We have worked to address the points raised in the annexed version. However, it has not yet been reviewed a second time.
17. If the RIARP determines the Discussion Document still does not meet the criteria, the Chair of the Cabinet committee has discretion over whether it can still be considered. They can ask that you prepare a supplementary analysis report (SAR).

Risks

18. Officials previously indicated there was a risk of a negative reaction from the sector if the discussion document were released with only options for rates rise without information on how that funding may be invested [MBIE Briefing 2324-2075 refers].
19. It is possible that this risk increases as higher rates changes are included in the Discussion Document.
20. 9(2)(g)(i) [REDACTED]

Next steps

21. Following your direction officials will lodge the Cabinet Paper and Discussion document on CabNet ahead of your discussion at ECO on 20 March 2024.

In Confidence

Office of the Minister of Conservation

Office of the Minister for Tourism and Hospitality

Cabinet Economic Policy Committee

International Visitor Conservation and Tourism Levy Review 2024

Proposal

- 1 Government is required to review the rate of the International Visitor Conservation and Tourism Levy (IVL) every five years. This paper seeks agreement to consult on a potential rate increase for the IVL with announcement to coincide with Budget 2024. No other changes to the IVL are currently proposed.
- 2 A discussion document will be needed to support public or targeted consultation. This paper contains options and rationale for a rate increase.

Relation to government priorities

- 3 Proposals at Budget 2024 will reflect the Government's desire to deliver effective and sustainable services. This coincides with the IVL review and is an opportunity for us to revisit the role of the IVL and develop proposals to ensure visitors pay a fair proportion of the costs they generate.

Background

- 4 International Tourism generated \$10.8 billion to the New Zealand economy (Tourism Satellite Account, Year ended March 2023). International Tourism is New Zealand's second largest export earner, behind Dairy Products. International visitor arrivals reached 2.96 million for the Year ended December 2023, or 79.3% of pre-COVID levels. Visitor numbers are expected to grow beyond these levels.
- 5 Visitors to New Zealand rely on and use a range of public infrastructure and goods (e.g., water, public toilets, walking and cycling tracks) that are funded by New Zealanders through taxes and rates. These goods are usually free at the point of use.
- 6 More international visitors will increase pressure and costs on local and national infrastructure and can impact our environment. If these costs are not addressed, it could impact on our ability to provide high-quality visitor experiences, and demand for travel to New Zealand may reduce.
- 7 International visitors provide contributions through GST (\$1.0 billion for Year Ended March 2023) and through the IVL (Around \$80m revenue per annum based on 2019 arrival numbers). However, we believe the current \$35 rate of the IVL is insufficient to match the benefits and costs associated with international tourism.
- 8 To date the IVL has invested \$86 million in tourism and conservation projects, funding initiatives such as wilding conifer control, kākāpō recovery, Tourism Data, Building the Tourism Workforce and the Milford Opportunities Project.

The IVL is currently the only available funding tool in the tourism portfolio

- 9 Most international visitors applying for a visa to enter New Zealand are charged the non-refundable IVL¹ of \$35 alongside their visa or New Zealand Electronic Travel Authority (NZeTA).
- 10 When introduced, Cabinet agreed for funding raised through the IVL to be split equally between Tourism, administered by the Ministry Business Innovation and Employment (MBIE), and Conservation, administered by the Department of Conservation, to ensure beneficiaries of these services were contributing financially.

Options to increase the IVL

- 11 At the current rate of \$35, the IVL is forecast to raise around \$80 million per annum². We believe this is insufficient to cover the costs visitors bring to New Zealand.
- 12 We seek Cabinet agreement to consult on three proposed increases to the IVL rate:
 - 12.1 Increase by \$15 to \$50 per person.
 - 12.2 Increase by \$35 to \$70 per person.
 - 12.3 Increase by \$65 to \$100 per person
- 13 At this stage we are not proposing any changes to other IVL settings, such as who pays.
- 14 In our identification of the options, we are considering:
 - 14.1 The effects of inflation; the IVL would cost \$42.41 in Quarter Four 2023 had it tracked with inflation.
 - 14.2 The cumulative costs for visitors (border levies and visa costs).
 - 14.3 The rate of similar charges in overseas jurisdictions.
 - 14.4 Costs arising from tourism, and whether the current IVL revenue is sufficient to address these.
- 15 The Minister for Tourism and Hospitality considered options for larger rates increases. However, we are not currently recommending this as we do not want to impact demand for travel to New Zealand and we want to support the sector’s recovery from the impact of COVID-19. Increasing the rate does not preclude us from revisiting the rate again in the future.

Table One: Estimated IVL revenue based on forecast international visitor arrivals, 2024-26³

IVL Options	Total estimated IVL revenue (per annum)	Estimated additional annual IVL revenue	Estimated additional annual revenue +/- 10%
Status quo IVL remains \$35	~ \$80 million	n/a	~ (-\$8 million) to ~ \$8 million

¹ Some classes of people are exempt from the requirement to pay the IVL, including Australian citizens and permanent residents, diplomats, and people from many Pacific Island countries.

² Based on Immigration New Zealand forecasts for 2024-2026.

³ Forecast is based on actuals up until 30 June 2023.

SENSITIVE

Option One IVL is increased by \$15 to \$50	~ \$115 million	~ \$35 million	~ \$24 million to ~ \$47 million
Option Two IVL is increased by \$35 to \$70	~ \$161 million	~ \$81 million	~ \$65 million to ~ \$97 million
Option Three IVL is increased by \$65 to \$100	~ \$230 million	~ \$150 million	~ \$127 million to ~ \$173 million

Impacts on international visitors

- 16 There is no up-to-date modelling available to assess elasticity of travel intention post-COVID. Officials have developed a model using available data from prior to COVID-19. Under all scenarios, Australians, our largest and likely our most price-sensitive market, would not pay the IVL. Most Pacific Islanders also remain exempt.

Table Two: Estimated Visitor Impact from IVL Rates rise⁴

IVL rate	Passenger volumes at new rate	Visitor numbers who pay the IVL	Comparison to 2019 (3.87m total visitors)	Total revenue
\$50	~3.85m	~2.2m	-0.5%	~\$100.0m
\$70	~3.82m	~2.17m	-1.3%	~\$137.8m
\$100	~3.78m	~2.12m	-2.4%	~\$192.6m

- 17 This model does not take account of other price changes which may have occurred (for example, increasing airfares or other countries' border charges). As it is based on out-of-date data and airline prices, it should be taken as a very broad indication only.
- 18 However, this model does suggest that taken in isolation, an increase to the IVL would have only a minor impact in visitor numbers. A recent study⁵ suggests that the responsiveness of demand to travel is relatively low for moderate increases in rates.
- 19 An increase in the cost of the IVL is not the only relevant price point consumers will consider. For example, fluctuating costs of air travel, increases in fuel costs, other border and airport charges and customer preference will also be considered.
- 20 There is a risk that the cumulative impact of increasing tourism costs could slow growth in travel demand for more price sensitive markets (such as Asia), or lead to visitors spending less while in New Zealand.
- 21 An increase in the rate of the IVL would mean a rise in cost for 94 visa types, plus the NZeTA (see Table Two). We note that an immigration fee and levy review is

⁴ This model is based on airfares from just after the reopening of New Zealand's international border and travel and traffic data from 2019.

⁵ Home Office (United Kingdom). (2020). A review of evidence relating to the elasticity of demand for visas in the UK.

underway, and that the Minister of Immigration is intending to bring proposals to Cabinet. This could result in further increases to visa rates.

Table Three: Impact of potential IVL rises on current Visa and NZeTA costs⁶

	NZeTA (\$17-\$23)	Student Visa (fee paying) (\$395)	Visitor Visa (\$211)	Working Holiday Visa (\$420)
Status quo IVL is \$35	\$52 - \$57	\$430	\$246	\$455
Option One IVL increases by \$15 to \$50	\$67 - \$73 28-29% increase	\$445 3% increase	\$261 6% increase	\$470 3% increase
Option Two IVL increases by \$35 to \$70	\$87 - \$93 63-67% increase	\$465 8% increase	\$281 14% increase	\$490 8% increase
Option Three IVL is increased by \$65 to \$100	\$117 - \$123 116-125% increase	\$495 15% increase	\$311 26% increase	\$520 14% increase

Options for consultation

- 22 The Immigration Act 2009 requires the Minister for Tourism and Hospitality to consult the persons and organisations they consider appropriate prior to recommending changes to the rate of the levy.
- 23 We seek Cabinet agreement for our officials to engage in targeted consultation with the tourism sector using the attached discussion document. This approach will be quicker and can coincide with the Budget 2024 timeline. Some stakeholders not consulted may be disappointed if not given opportunity for feedback, however we have considered broad consultation and believe, while preferable, it is not possible in the time available.
- 24 We note that tourism stakeholders have previously expressed concern at rate increase discussion without corresponding consultation on how the revenue will be invested. We may wish to consider consulting later on investment choices for IVL revenue.

Implications for Budget 2024

- 25 This IVL rate review does not, in itself, contribute to the Government’s savings targets for Budget 2024. The Crown can only use funds levied for purposes that are consistent with the provision of primary legislation. As it currently stands, the IVL can only be used for conservation and tourism.

26 9(2)(f)(iv) [Redacted]

27 9(2)(g)(i) [Redacted]

⁶ Immigration New Zealand costs as at January 2024.

28

9(2)(a) [REDACTED]

[REDACTED]

[REDACTED]

Implementation timing choices

- 30 Increasing the rate of the IVL is achieved by a regulatory change to rate set in the Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010. Should a decision be made to increase the IVL, the government could announce the new IVL rate will take effect on a specific date, such as by September or October this year.
- 31 This timeline does not preclude us from announcing a rate change or the start of consultation at Budget 2024. The responsible agency for this proposal is the MBIE. They will work closely with the Treasury and Department of Conservation.

Cost-of-living Implications

- 32 The proposal will have no impact on New Zealanders and international visitors who are not required to pay the IVL on entry to New Zealand.
- 33 All costs associated with an increase to the IVL are passed on to eligible international visitors. No costs will be passed on to New Zealanders or businesses.

Financial Implications

- 34 Any increase to the IVL's rate could generate revenue by an additional ~\$35 million for a rate of \$50 / ~\$81 million for a rate of \$70 / ~\$150 million for a rate of \$100. This will be hypothecated using the current framework.
- 35 Further decisions will be required on the treatment of additional revenue, subject to Budget 2024 decisions. At present, no changes will be made to the IVL Investment Plan 2023 and spending plans as a result of these changes.

Legislative Implications

- 36 Changes to the Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010 will be required should IVL rates change following consultation.

Impact Analysis

Regulatory Impact Statement

- 37 [PLACEHOLDER] As requested by the Treasury, MBIE has reviewed the discussion document and determined that it contains sufficient impact analysis to support Cabinet's decision to release it. Therefore, a separate regulatory impact statement (RIS) is not required at this stage. A full RIS will be completed at a later stage to inform Cabinet's final decisions on this proposal.

Climate Implications of Policy Assessment

- 38 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

- 39 This proposal may have an impact on Māori tourism businesses. The 2019 New Zealand Māori Tourism Annual Report outlines that previously, close to 70 percent of visitors to Māori tourism businesses were from international visitor markets. While this impact is difficult to quantify, if there is an increase in the IVL the potential demand-side impacts may lead to reduced visitation and revenue for these businesses.

Human Rights

- 40 When established in 2019, an assessment of the human rights implications was completed as part of drafting IVL legislation. There are no human rights implications given that this proposal relates to a change in the rate of an existing levy.

Use of External Resources

- 41 There has been no use of external resource.

Consultation

- 42 The Treasury, Department of Conservation, Ministry of Foreign Affairs and Trade, MBIE Immigration Policy, Department of Prime Minister and Cabinet, and Tourism New Zealand were consulted.

Communications

- 43 Officials will prepare targeted communication based on Cabinet's decisions.

Proactive Release

- 44 The contents of this paper will be proactively released as soon as practicable with appropriate redactions.

Recommendations

The Minister for Tourism and Hospitality and the Minister of Conservation recommend that the Committee:

- 1 **Note** that there is an opportunity to explore how the costs of tourism could be more effectively priced into the visitor experience;
- 2 **Agree** to targeted consultation on four options of the rate of the IVL (\$35 – status quo, an increase to \$50, \$70 or \$100)
- 3 **Agree** to release the attached discussion document to support a targeted consultation with the tourism sector on the proposed increase to the IVL;
- 4 **Note** that we will return to Cabinet to share any recommendations and outcomes by May 2024.

Once the Minister has approved the draft Cabinet paper for lodgement for Cabinet or a Cabinet committee, this section should be updated to state 'Authorised for lodgement'.

Hon Tama Potaka
Minister of Conservation

Hon Matt Dooney
Minister for Tourism and Hospitality

Released under the Official Information Act

Appendices

TBC - Appendix One: Proposed changes to the International Visitors Conservation and Tourism Levy Discussion Document

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Proposed Rate Change to the International Visitor Conservation and Tourism Levy (IVL)

DISCUSSION DOCUMENT – MARCH 2024



Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders. MBIE combines the former Ministries of Economic Development, Science and Innovation, and the Departments of Labour, and Building and Housing.

MORE INFORMATION

Information, examples and answers to your questions about the topics covered here can be found on our website: www.mbie.govt.nz or by calling us free on: 0800 20 90 20.

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How to have your say

You have an opportunity to tell us what you think of the proposals to change the current IVL settings by providing feedback on the matters raised in this discussion document. You are welcome to make submissions on some, or all, of the discussion questions set out in this document, and/or to raise any other relevant points.

HOW TO COMMENT ON THIS DISCUSSION DOCUMENT

The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the proposals in this document by XXXX. A submission may range from a short letter on one issue, to a detailed response covering multiple issues. Please provide relevant facts, figures, data, examples and documents where possible to support your views. You can:

- Complete your submission on the MBIE website: [\[insert web link\]](#)
- Email a submission to us at: [\[insert email address\]](#)
- Mail your submission to us at:
Ministry of Business, Innovation & Employment
15 Stout Street
PO Box 1473, Wellington 6140
Attention: International Visitor Levy submissions

Where possible, we appreciate receiving submissions electronically. If emailing an attachment, we prefer a Word Document or searchable PDF format.

MBIE WILL PUBLISH A SUMMARY OF SUBMISSIONS

After submissions close, MBIE will publish a summary of submissions on our public website at www.mbie.govt.nz. Should any part of your submission be included in the summary of submissions, MBIE will endeavour to not include any personal information, any information you specified is confidential, or that which you indicated not to publish.

The Privacy Act 2020 applies to submissions and responses. Any personal information you supply to MBIE while making a submission will only be used by MBIE in conjunction with matters covered by this document and will be managed according to the applicable MBIE privacy policies. If you have any questions or comments about your responses or would like access to or correction of any personal information you provide as part of it, you can contact us at [\[insert email address\]](#).

We will not proactively make any individual submissions public, but submissions and survey responses may be the subject of requests for information under the Official Information Act 1982 (OIA) and released as required.

WHAT HAPPENS NEXT?

MBIE will analyse all submissions received and then report back to the Minister for Tourism and Hospitality on the feedback, with recommendations for his consideration. Your submission will help to inform policy decisions on the proposed rate change to the International Visitor Conservation and Tourism Levy (IVL).

Released under the Official Information Act

Foreword from the Minister for Tourism and Hospitality

A thriving tourism industry is a critical component of New Zealand's economy. For most of our regions, tourism and hospitality is a key driver of economic growth. It has created many jobs for Kiwis and provided our operators with income. Data shows that tourism is now back as New Zealand's second-biggest export earner, generating nearly \$10.8 billion in export earnings for the year to March 2023.

It is my view that to continue to grow our economy, we need to grow the value of international tourism. International visitors spend widely across the economy on fuel, groceries, retail goods as well as transport, accommodation, tourism activities and attractions.

As we grow, we know that our public infrastructure, conservation estate and cultural heritage sites may face considerable pressure from higher visitor numbers. As such, it is important that this growth is well managed so that we retain and enhance the social licence for tourism to operate in New Zealand whilst also providing world class experiences to international visitors.

Since I became the Minister for Tourism and Hospitality, I have been out speaking with operators, industry, workers, local government and visitors across the country. I have listened to the opportunities and challenges facing tourism and hospitality in New Zealand. During my travels, I've heard about the importance of ensuring international visitors are contributing their fair share to the costs they impose, and the benefits they receive from the infrastructure they use while here in New Zealand.

The International Visitor Conservation and Tourism Levy (IVL) is our most significant tourism funding tool and the revenue it generates has helped fund significant projects across the sector. This funding allows us to react nimbly to issues arising for tourism operators, visitors, and New Zealanders, whilst also supporting our ambitions for tourism. It has become clear that the revenue it generates is insufficient to fully address these challenges or support our long-term goals.

Raising the rate of the IVL would allow for improved investment in tourism strategic challenges, tourism infrastructure and conservation across the country, ensuring that we can provide high-quality visitor experiences. I also want to ensure that an increase in the rate has minimal impact on visitor demand to travel to New Zealand and we continue to grow tourism's economic contribution.

I consider raising the rate of the IVL as one of the key ways we can meet costs arising from international visitation, without increasing the burden on New Zealanders. Such a rise would also ensure important investment in our tourism infrastructure and conservation estate moving forward.

I am interested in receiving feedback from all stakeholders across the tourism industry, as well as from the wider public. Making changes to the IVL requires input, and I look forward to understanding your views on the proposed rate changes.

HON MATT DOUCEY

Minister for Tourism and Hospitality

Foreword from the Minister of Conservation

New Zealand's outstanding natural beauty is a key drawcard for our international visitors. Our global image as a visitor destination is built upon our pristine environment, breathtaking scenery and unique biodiversity. Our tourism and conservation sectors are closely linked and must continue working together to ensure we promote what New Zealand has to offer in a sustainable way.

Many of our most iconic visitor destinations, such as Milford Sound/Piopiotahi and Aoraki/Mt Cook are on public conservation land, managed by the Department of Conservation. I am pleased to see international visitor numbers returning to pre-COVID-19 levels, however increasing numbers put increasing pressure on managing these taxpayer-funded sites. The International Visitor Conservation and Tourism Levy (IVL) offers a way to pass on some costs to the international visitors who create them.

The tourism sector is a key part of New Zealand's economy, and one which I want to see continue to grow. Investments from the IVL can serve the dual purpose of boosting tourism and helping to conserve the natural environment visitors are coming to enjoy.

Since its introduction in 2019, the IVL has funded some key conservation projects, despite the reduction in revenue due to COVID-19. Five years on from its introduction, it is time to review the \$35 rate. An increase in the rate could allow further investment in protecting our natural environment, with the benefit of ensuring it continues to drive sustainable tourism for decades to come.

The IVL is an important tool for tourism and conservation funding, and one that can be increased without putting an additional burden on New Zealand taxpayers. I believe it is fair to ask international visitors to increase their contribution towards the funding of tourism and conservation.

I am looking forward to receiving feedback on the proposed rate change and encourage you to share your views to inform our decision-making process.

HON TAMA POTAKA

Minister of Conservation

The issue and why we are consulting

The Government is seeking a discussion on increasing the rate of the International Visitor Conservation and Tourism Levy (IVL). An increase in the rate of the IVL will allow funding from the levy to better support the management of the costs of international tourism.

The Government supports growth of the tourism sector...

Growth of the tourism sector benefits New Zealand. Visitors bring money into the economy and the sector provides jobs and investment opportunities. International visitors also expand our global reach, with visitors often returning home with a taste for New Zealand's wine and lamb or setting themselves the goal of returning here to study or invest. Tourism opens doors to broad international engagement and collaboration and supports our critical aviation links to the rest of the world.

...and tourism volumes are increasing...

Evidence shows that visitor numbers are recovering following the effects of the COVID-19 pandemic. Pent up demand, the growth of the global middle class, and New Zealand's innate attractiveness to visitors combine to hasten this recovery.

Figure 1: Total international visitor arrivals to New Zealand¹



¹ <https://teic.mbie.govt.nz/stc/theEconomy/demand/>

These trends are likely to continue in the short to medium term as experts predict international tourism will continue to grow in 2024 to match pre-COVID levels², and will likely continue to grow beyond these levels.

A growing tourism sector will support better outcomes for New Zealanders, our firms and our communities.

...but increased visitors will create increased costs...

However, increased visitor volumes will bring increased costs to manage the effects of that growth. These costs can be environmental, social, financial, such as to address the degrading of mixed-use infrastructure³.

The estimated costs imposed by international visitors (in 2019) are estimated to be in the order of \$250 million per year (this includes tourism infrastructure and conservation related cost). While this is not an exact figure, it provides an idea of the magnitude of this issue. The figure is around three times the amount the current IVL was intended to raise.

These cost pressures reduced during the COVID-19 period as visitors were unable to come to New Zealand. But they have re-emerged and have become more prevalent as the sector recovers.

As visitor volumes increase these costs will increase and compound. This means that while IVL revenue will increase with increased visitors, the level of funding needed will increase further and faster than this revenue can manage.

...not addressing these costs will affect our ability to provide high-quality visitor experiences and will impact New Zealanders...

New Zealand's point of difference is our clean and green image (i.e., the 100% Pure New Zealand brand). This image is our selling point in the global tourism market, and there are reputational risks with delivering poor quality visitor experiences that tarnish this image we promote. Ongoing investment in tourism infrastructure and conservation is critical to ensure a high-quality visitor experience and the long-term sustainability of the tourism industry.

Most visitors come to New Zealand to experience its natural beauty. Whether they do this by visiting the DOC estate to tramp a Great Walk, see Franz Josef Glacier or swim off the coast of the Coromandel, their visit creates impacts. Effective management of these visits is essential to protect these experiences for the next visitor and for New Zealanders who live in these areas.

Tourism doesn't happen in a vacuum – it happens in our communities, on our conservation estate and amongst our people. Most New Zealanders appreciate the benefits that international tourism brings to them and welcome visitors into their local areas. However, there is some concern about how increasing visitor numbers could impact their lives or affect our spectacular scenery.

International examples have shown the risk of not acting, as popular visitor destinations become overcrowded and under-supported. For example, in Venice a daily visitor charge has been introduced, and hourly visitor caps are being used at the Acropolis in Athens.

Visitor growth should not occur at the expense of New Zealanders no longer enjoying their own backyard, of the environment being damaged and our visitors having negative experiences when they come here.

... current funding systems cannot meet requirements...

At present, the costs associated with providing services to visitors and protecting our environment are almost exclusively covered by the New Zealand rate and taxpayer who contribute to Crown and local government budgets. Visitors do contribute to this funding indirectly through spending when visiting New Zealand. This is collected through GST on their purchases (which raised approximately \$2.5 billion in 2022), through user charges attached to services and indirectly

² [https://www.unwto.org/news/international-tourism-to-reach-pre-pandemic-levels-in-2024#:~:text=According%20to%20the%20UNWTO%20Tourism,\(based%20on%20STR%20data\)](https://www.unwto.org/news/international-tourism-to-reach-pre-pandemic-levels-in-2024#:~:text=According%20to%20the%20UNWTO%20Tourism,(based%20on%20STR%20data))

³ Mixed use infrastructure refers to infrastructure used by both residents and visitors.

through contributions to local rates when purchasing goods and services (where local rates are passed through to consumer cost).

While international visitors pay GST – and both domestic and international visitors pay user fees and indirectly pay rates through purchases – they do not fully pay for their use of mixed-use infrastructure. This is particularly challenging for smaller regional communities that experience high visitor numbers, requiring greater investment from ratepayers or access to ad-hoc, time-limited central government funding.

Costs are also increasing for goods and services due to wider events, such as global inflation and supply chain constraints arising from conflict. Other costs for other Government funded tourism activities, such as international marketing, are also increasing. These costs cannot currently be adequately passed onto visitors or tourism firms even as they benefit from the work they support. It has become clear that other sources of funding are needed.

... and the International Visitor Conservation and Tourism Levy does not raise enough funding to address these challenges.

The Government established the International Visitor Conservation and Tourism Levy (IVL) in 2019. This was the first step towards establishing a sustainable tourism system where the costs of the visitor experience are not unduly borne by New Zealanders. Most international visitors entering New Zealand are charged a levy of \$35. Some classes of people are exempt from the requirement to pay the IVL, including Australian citizens and permanent residents, diplomats and people from many Pacific Island countries⁴.

Assuming arrivals match 2019 figures, the IVL will generate roughly \$80m per annum between 2024 and 2026. The revenue from the IVL is split evenly between investment in tourism and conservation projects that contribute positively to the lives of New Zealanders and improve the experience for international visitors. Examples include enhancing visitor access to conservation and tourism activities on the West Coast by the Fox Glacier and the visitor safety enhancement trial at Tongariro National Park⁵.

When the IVL was introduced, it was considered as the first part of a package of funding tools to be introduced across the system. The IVL was an important component of this package as it offered centrally sourced funding of scale and contributed to a proportion of infrastructure costs. The IVL provided revenue certainty, even as the revenue fluctuated with visitor numbers.

It was agreed that the IVL would initially be set at \$35 and that this rate would be reviewed after a five-year period. We are now at the five-year mark, and the Ministry of Business, Innovation and Employment is required to review the rate of the IVL.

At a rate of \$35, the IVL went some way to addressing the challenges outlined above. However, as visitor numbers and costs rise, it is clear that this amount is no longer sufficient to support ongoing investment. The Government is therefore consulting on the rate of the IVL.

QUESTIONS:

1. Do you agree with our description of the problem?
 - a. Yes – Partially – No – Not sure
2. Please explain your views, including any additional information that would be useful.

⁴ 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.

⁵ <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-funding/international-visitor-conservation-and-tourism-levy/projects-funded-by-the-ivl/>

The scope of this discussion document

The Government is interested in hearing your views on:

- Whether the rate of IVL charged to international visitors should change, and if so, what it should be changed to.

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The International Visitor Conservation and Tourism Levy

The introduction of the IVL in 2019 represented a change in the way we invest in tourism and conservation in New Zealand. The IVL was the first step in creating a sustainable funding model to invest in tourism and conservation projects that support the delivery of a productive tourism sector that delivers high-quality visitor experiences.

The IVL was required to respond to the significant increases in international visitors that placed pressure on infrastructure and public conservation lands across New Zealand. This pressure impacted the wellbeing of communities and nature and resulted in the deterioration of public support for tourism.

CURRENT IVL SETTINGS

Most international visitors applying for a visa to enter New Zealand are charged the non-refundable IVL of \$35. It is collected through the immigration system, with visitors paying the IVL when they apply for a visa or (for most visa waiver travellers) New Zealand Electronic Travel Authority (NZeTA).

The IVL and the NZeTA are separate but connected government initiatives. An application for an NZeTA currently costs \$17 or \$23 depending on the method of application (via an app or online), and the current IVL charge of \$35 is applied on top of this cost. A NZeTA is valid for two years and is required for visa waiver travellers and Australian permanent residents. Australian citizens, New Zealand citizens and New Zealand visa holders are not required to hold an NZeTA before travelling to New Zealand.

WHO NEEDS TO PAY THE IVL?

The IVL is broadly targeted at people entering New Zealand as visitors. As above, it is chargeable on most NZeTAs and on most visitor, working holiday, and student visa applications. Some classes of people are exempt from the requirement to pay the IVL, including Australian citizens and permanent residents, diplomats and people from many Pacific Island countries⁶. These visitor markets have been exempted as they are the most price sensitive and to also acknowledge New Zealand's close relations with these countries. This consultation is only considering the rate of the IVL, who pays the IVL is not in scope.

WHERE IS THE IVL SPENT?

Half of the revenue raised from the IVL is used to address costs arising from tourism, with the other half being used to address costs relating to conservation.

⁶ 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.

What the Government wants to achieve

Tourism plays an essential role in New Zealand's economy and growing the tourism sector will support the Government's goal of doubling export income within the next ten years. However, tourism growth will create costs which should not be managed by the New Zealand rate and taxpayer alone.

Growth for tourism can only happen in tandem with growth management...

Tourism is a peer-to-peer industry. It is about personal experiences and interactions. Visitors will always be looking for good services, working infrastructure and a warm welcome. As the tourism sector continues to grow, we must do so with this in mind.

Tourism experiences in New Zealand take place in our communities, on shared land and often using infrastructure also enjoyed by our residents. New Zealanders are welcoming and are happy to host visitors. However, in 2019, this attitude was strained by over-crowding and degraded mixed-use infrastructure⁷.

The Government understands that investment is needed to support ongoing visitor growth, but also to protect and maintain our tourism system. Investment is needed beyond just tourism assets and is needed on a wide range of infrastructure and tourism system projects to ensure that our services can cater for and manage increasing visitor volumes.

As more visitors come to New Zealand to enjoy the welcome we offer, these shared lands and mixed-use infrastructure will be used by more and more people. This use will inevitably create more costs to manage the effects of this use. Under current settings these additional costs may be partly borne by the IVL, but the majority is likely to fall on New Zealand tax and ratepayers.

...but New Zealanders should not carry these costs alone.

Tourism relies on the provision of services and infrastructure that visitors use, and maintenance and protection of natural attractions and resources. Many of these resources are not provided by the market because;

- they are public goods and excluding people is impractical and costly, and/or where use by one person does not restrict use by another, making it a poor commercial proposition,
- there are negative externality impacts (for example degradation of infrastructure) that make private provision lower than a level socially desirable, and/or,
- public provision is simply more efficient to leverage economies of scale and is more likely to deliver relevant economies of scale.

New Zealanders benefit from increased tourism volumes, and it is right that some of these costs are covered by rate and taxpayers. However, they are not the only people benefitting and Government believes that too many of these costs are being covered by New Zealanders. In line with the objective of better fiscal management, the Government believes there is an opportunity for international visitors to contribute further to these costs.

The Government acknowledges there are other tools for raising tourism funding which have been used in other countries. The introduction of new tools is out of scope of this document.

⁷ Pressure on infrastructure, damage to the environment and roads ill-equipped to handle volume were the top three concerns Kiwis have regarding international tourism and 54% of Kiwis thought that predicted international visitor growth was too much. Source:

<https://www.tia.org.nz/assets/Mood-of-the-Nation/Mood-of-the-Nation-Mar-20.pptx>

Proposal for increasing the rate of the IVL

Based on the current rate of \$35, the IVL is forecast to raise around \$80 million per annum⁸. This amount is not sufficient to meet the needs of our tourism or conservation sectors as we look to grow tourism for the benefit of our visitors and New Zealanders. The Government has considered wider factors, including, the effects of inflation on the IVL rate⁹, rises in similar charges in competitor destinations and other costs for visitors, to identify options for increasing the rate of the IVL.

By considering these various factors, the Government has identified three options for raising the IVL:

- a. Raising the rate by \$15 per person from \$35 to \$50 per person.
- b. Raising the rate by \$35 per person from \$35 to \$70 per person.
- c. Raising the rate by \$65 per person from \$35 to \$100 per person.

While the Government could look to increase the rate of the IVL beyond this level, it believes that a larger increase to the IVL rate is not appropriate at this time. The sector is recovering well from the impact of COVID-19 and it is not the Government's intention to limit that recovery. The rates rise options included here remain at a level where little disruption to the recovery is expected.

As shown in Table One below, the Government estimates the increased revenue from an increase in the IVL has the potential to be significant. A 20 per cent margin of error recognises that IVL revenue fluctuates with international visitor numbers and figures are rounded to the nearest million:

Table One: Estimated IVL revenue based on forecast international visitor arrivals, 2024-2026¹⁰

IVL scenarios	Total estimated IVL revenue	Estimated additional annual IVL revenue	Estimated additional annual revenue with +/- 10% variation in visitor numbers
Status quo IVL remains \$35	~ \$80 million	n/a	~ (-\$8 million) to ~ \$8 million
Scenario One IVL is increased by \$15 to \$50	~ \$115 million	~ \$35 million	~ \$24 million to ~ \$47 million
Scenario Two IVL is increased by \$35 to \$70	~ \$161 million	~ \$81 million	~ \$65 million to ~ \$97 million
Option Three IVL is increased by \$65 to \$100	~ \$230 million	~ \$150 million	~ \$127 million to ~ \$173 million

⁸ Based on Immigration New Zealand forecasts for 2024-2026.

⁹ When we adjust for inflation, the IVL would cost \$42.41 in Quarter Four 2023.

¹⁰ Arrivals are forecast on actual arrivals up until 30 June 2023.

This additional funding will be used to support ongoing investment into conservation and the tourism sector. Ministers will be guided by the IVL Investment Plan¹¹ to make investment which will protect the kinds of visitor experiences New Zealand is known for.

Raising the rate may have an impact on international visitor arrivals...

A model accurately assessing the impacts of IVL rate increases on New Zealand's international visitor market is not currently available. New Zealand is a premium, and often expensive, destination to travel to for many of our international markets, any additional cost may impact our competitiveness against similar destinations. Although many international visitors may still be motivated to travel to New Zealand regardless of the potential price increases. There remains a risk that increasing the IVL rate too high could slow growth in travel demand for more price sensitive markets, or lead to visitors spending less while in New Zealand.

The IVL is charged via immigration fees, which are generally inelastic. A United Kingdom study¹² suggests that the responsiveness of demand to travel is low for moderate increases in visa rates. An increase in the rate of the IVL would correspond to a rise in cost for 94 visa types, as well as the New Zealand Electronic Travel Authority (NZeTA). Table Two illustrates the scale of change across four common visa types.

Table Two: Impact of IVL rise on Visa and NZeTA cost¹³

	NZeTA (\$17-\$23)	Student Visa (fee paying) (\$395)	Visitor Visa (\$211)	Working Holiday Visa (\$420)
Status quo IVL is \$35	\$52 - \$57	\$430	\$246	\$455
Scenario One IVL increases by \$15 to \$50	\$67 - \$73 28-29% increase	\$445 3% increase	\$261 6% increase	\$470 3% increase
Scenario Two IVL increases by \$35 to \$70	\$87 - \$93 63-67% increase	\$465 8% increase	\$281 14% increase	\$490 8% increase
Scenario Three IVL is increased by \$65 to \$100	\$117 - \$123 116-125% increase	\$495 15% increase	\$311 26% increase	\$520 14% increase

The proposed increases to the IVL rate are only a small proportion of the total cost an international visitor to New Zealand incurs and the Government believes that demand from international visitors will remain strong.

An increase in the cost of the IVL is not the only relevant price point consumers will consider. For example, fluctuating costs of air travel, increases in fuel costs, other border chargers and customer preference will also be considered prior to travel.

¹¹ [International Visitor Conservation and Tourism Levy — Investment Plan 2023 \(mbie.govt.nz\)](https://mbie.govt.nz)

¹² Home Office (United Kingdom). (2020). A review of evidence relating to the elasticity of demand for visas in the UK

¹³ Immigration New Zealand costs as at February 2024

To ensure the Government's aim to increase visitor numbers and grow the economy is achieved, careful management, and ongoing assessment of the IVL rate will be required.

There have been increases in other border charges, and more are expected...

Visitors to New Zealand face other border charges alongside the IVL. When determining the attractiveness of New Zealand as a destination to visitors, consideration must also be given to these wider charges, and whether they will also be rising.

Table Three provides an overview of New Zealand's current border charges which should be considered alongside the IVL.

Table Three: New Zealand border fee and levy changes

Responsible Agency/Organisation	Name of Charge	Price (Cruise Passengers)	Price (Non-Cruise Passengers)	Eligibility
NZ Customs Service	Border Processing Levy	\$13.20 per passenger	\$19.08 per passenger	Any person entering New Zealand
Biosecurity NZ (MPI)	Border Processing Levy	\$12.17 per passenger	\$19.46 per passenger	Any person entering New Zealand
Maritime NZ	Maritime Levies	Fees vary on vessel classification. Passenger capacity charges vary from \$19.54 – \$48.71	n/a	Fees paid per vessel. Costs are passed to passengers in their ticket price.
Civil Aviation Authority	International Passenger Security Levy	n/a	\$13.12 per passenger	Paid per departing international flight. Costs are passed to passengers in their ticket price.
Airport Passenger Charges	Passenger charges	n/a	Vary by airport, Auckland Airport fees: International and Transit Passenger Charge - \$21.20	Any person arriving at, or transiting through, the airport from abroad.
MBIE Immigration	Visa Fees and Levies	n/a	Visitor Visa currently \$211 (\$21 for the levy and \$190 for the fee)	Non-New Zealand citizens seeking to travel to and enter New Zealand who are not from visa-waiver countries.

The Government acknowledges there have also been increases in other border charges that may impact the demand for travel to New Zealand, such as the recent increase to the Border Clearance Levy, and other reviews planned or underway across Government as well as increasing costs at airports that could potentially increase the costs of travel to New Zealand for international visitors.

A visitor from a non-visa waiver country, entering New Zealand via Auckland Airport would currently pay at least \$318.86 in border charges and fees, inclusive of the IVL. This figure does not consider any relevant charges a visitor may face departing their country of origin, or for countries they transit through.

There may still also be indirect costs associated with COVID-19, such as travel insurance premiums which are not considered. Worldwide inflationary pressures and fuel cost increases, as well as increasing fees at airports, are also likely to have an impact on the cost of travel to and from New Zealand.

While the Government acknowledges these concerns, it has become clear that returning to a status quo tourism sector is not in the long-term interest of New Zealanders, our communities, our visitors or our tourism operators.

International Comparisons

New Zealand isn't the only country imposing border charges and fees, with many competitor destinations increasing prices. Table Four outlines fees charged in Australia.

Table Four: Australia border fee and levy changes

Name of Charge	Price (A\$)	Eligibility
Passenger Services Charge	Vary by airport, Melbourne Airport fees: Domestic - \$16.28 International - \$64.32	Any person arriving at, departing from, or transiting through, an Australian airport.
Safety and Security Charge	\$6.50	Any person buying an air ticket
Passenger Movement Charge (Departure Tax)	\$60 (Rising to \$70 from 1 July 2024)	All persons departing for an overseas destination.
Visitor Visa	\$190	Non-Australian citizens seeking to travel to and enter Australia who are not from visa-waiver countries.

A visitor from a non-visa waiver country, entering Australia via Melbourne Airport would pay at least A\$320.82 (NZ\$341.19)¹⁴ in border charges and fees. This will rise to A\$330.82 (NZ\$351.78)¹⁵ from 1 July 2024.

Questions:

3. Do you agree that an IVL rates rise is needed?
4. Do you agree with the identified IVL rates rise options?
5. Do you prefer one option over the other?
6. Do you think a different IVL rates rise is needed?

¹⁴ Conversion rate as at 20 February 2024

¹⁵ Conversion rate as at 20 February 2024

Next steps

Following consultation on this document the Government will look through responses and further develop its position on changing the rate of the IVL. There may be a delay as this work is progressed and decisions are made before any change is announced.

The Ministry of Business, Innovation and Enterprise is required to conduct a review into the rate of the IVL every five years. The next review will be due by June 2029. This review may take place before that date.

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AIDE MEMOIRE

Publication of International Visitor Conservation and Tourism Levy Annual Performance Report 2022/23

Date:	2 April 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	MBIE: 2324-2275 DOC: 24-B-0143

Information for Ministers
Hon Matt Doocey Minister of Tourism and Hospitality
Hon Tama Potaka Minister of Conservation

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contacts
David Talbot	Manager, Investment Management & Performance, MBIE	s9(2)(a)	✓
Peter Galvin	Director, Policy DOC		✓
Renata Salamene	Senior Investment Advisor, Investment Management & Performance, MBIE		
Magnus Monahan	Policy Advisor, DOC		

The following departments/agencies have been consulted
N/A

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



AIDE MEMOIRE

Publication of International Visitor Conservation and Tourism Levy Annual Performance Report 2022/23

Date:	2 April 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	MBIE: 2324-2275 DOC: 24-B-0143

Purpose

To inform you that the Ministry of Business Innovation and Employment (MBIE) will publish the International Visitor Conservation and Tourism Levy (IVL) Annual Performance Report 2022/23.

David Talbot
**Manager, Investment
Management &
Performance, MBIE**
Labour, Science and
Enterprise Group, MBIE

02 / 04 / 2024

Peter Galvin
**Director, Policy
DOC**

20 / 03 / 2024

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Background

1. The IVL was introduced in July 2019 to benefit communities, visitors and the environment by helping to restore and protect landscapes and species, enhance the resilience of tourism infrastructure, and improve both communities' and visitors' experience of the New Zealand tourism system.
2. It is an important tool to ensure that tourism contributes positively to the lives of New Zealanders. IVL funds are invested in projects that will substantively change the tourism system, by helping to enable productive, sustainable, and inclusive tourism that protects and supports our natural environment.
3. International visitors entering New Zealand are charged a levy of \$35. The revenue generated is invested in sustainable conservation and tourism projects, and a small proportion of this revenue remains unspent. The attached Annual Performance Report 2022/23 (**Annex One**) provides a financial and progress summary from the IVL's fourth year of operation.
4. This report covers the period 1 July 2022 – 30 June 2023 and provides updates on the progress of the conservation and tourism projects.
5. The Annual Performance Report is co-owned by MBIE and the Department of Conservation (DOC). DOC has been extensively consulted on the development and finalisation of the Annual Performance Report.

IVL performance

6. Initially, the IVL was predicted to raise approximately \$450m in its first five years. Due to the impact of COVID-19, the total collected since inception to 30 June 2023 is \$108m.
7. During the COVID restrictions, some revenue was still collected as people applied for visitor visas that will allow them to travel in the future, or people travelled through the limited border exceptions for non-New Zealand residents.

Administration costs

8. In 2022/23, the administration costs of the fund management and bank fees totalled \$1.76m million. This consisted of \$379,000 in fund management for the tourism portfolio, \$400,000 in fund management for the conservation portfolio, and \$981,000 in bank fees.
9. There is a base level of funding required to deliver IVL projects and the cost of managing them is paid through the IVL Fund. In 2022/23, with international visitor numbers still recovering post COVID and few IVL projects active, the proportion of the IVL Fund spent on administration fees relative to the cost of the projects is significant. These administrative fees are fixed costs, so as international visitors return in increasing numbers the proportion spent on administration will be significantly less.
10. The bank fees relate to credit card transaction fees which range from 2-5% of the cost of the transaction. Because the IVL is collected by Immigration NZ as part of applying for an electronic travel authority, applications are done online, and credit cards are the standard way to pay. When the IVL was established, Cabinet agreed that the \$35 IVL would not have additional costs applied, so the cost of these transactions is debited from the IVL account separately. If changes are made to the IVL in future, an option could be to pass these costs on to those applying directly.

The publication of the IVL Annual Performance Report was delayed

11. The Annual Performance Report was originally intended to be published in the last quarter of 2023, but due to Government priorities, it was delayed.

Year four projects funded by the IVL

12. Three new projects were approved during the 2022/23 financial year: two from the tourism portfolio and one from the conservation portfolio.

The tourism projects are:

- i. Freedom Camping Implementation of reforms (\$4.2m to fund establishment cost of the regulator and system.
 - ii. National Destination Management (DM) team (\$5m for a DM team to advance DM plans.
13. The conservation project is for Hauraki Gulf Marine Protection (\$1.605m to bridge funding for the protection of large areas of the Hauraki Gulf).

How the projects have fared

14. Section 2 of the Annual Performance Report includes tables showing the progression of each IVL project against key milestones.
15. For all projects, IVL key milestones have or are being delivered on, with only one project not achieved due to programme closing.

Publication risks

16. Due to the Annual Performance Report being delayed and the level of industry interest in the IVL, it is anticipated that there will be moderate level of media coverage on the issue.
17. We will liaise with your office on communications before the Annual Performance Report's publication.

Next steps

18. Subject to your agreement, we intend to publish the Annual Performance Report 2022/23 on the MBIE website in April 2024.
19. Before publication, we will liaise with your office on communications.

Annexes

Annex One: International Visitor Conservation and Tourism Levy Annual Performance Report 2022/23

Annex One: International Visitor Conservation and Tourism Levy Annual Performance Report 2022/23

Attached as separate annex.

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International Visitor Conservation and Tourism Levy (IVL) – Annual Performance Report 2022/23

MARCH 2024



Ministry of Business, Innovation and Employment (MBIE)

Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice, and regulation to support economic growth and the prosperity and wellbeing of New Zealanders. MBIE combines the former Ministries of Economic Development, Science and Innovation, and the Departments of Labour, and Building and Housing.

MORE INFORMATION

Information, examples and answers to your questions about the topics covered here can be found on our website: www.mbie.govt.nz or by calling us free on: 0800 20 90 20.

DISCLAIMER

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Introduction

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

This report outlines:

- the financial performance of the IVL in 2022/23
- the financial and progress reporting for the IVL projects as at 30 June 2023.

WHAT IS THE IVL?

The IVL is a levy payable by most people who intend to enter New Zealand on a temporary basis. Inbound travellers can pay the IVL at the same time as applying for a visa of electronic travel authority (ETA). The levy is currently set at \$35 NZD. Collection of the IVL began in July 2019.

The revenue collected via the IVL funds a series of targeted, prioritised investments that can span multiple financial years. Investment decisions are made jointly by the Ministers of Tourism, Conservation and Finance (the joint IVL Ministers). The IVL is not a contestable fund. Cabinet agreed to split the IVL fund 50:50 between tourism and conservation investment areas.

The joint IVL Ministers set long-term objectives and funding priorities for the IVL. The Ministry of Business, Innovation and Employment (MBIE) and the Department of Conservation (DOC) provide advice to the joint IVL Ministers on the alignment of projects to these objectives and priorities. MBIE and DOC also provide project oversight, reporting, compliance, and monitoring services.

The investment priorities target areas of cultural and historic significance, the restoration and protection of New Zealand's unique biodiversity, upgrades to existing tourism destinations, and transformational technologies.

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

IVL PROJECTS

In 2019, an initial round of 10 multi-year projects were funded from the IVL. Due to the significant reduction in revenue caused by COVID, there were no additional projects funded until 2021/22. This report covers four of the original 2019 projects which are still running, plus seven new tourism projects approved in 2021/22 and 2022/23.

Section 1:
Financial Performance



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Financial Performance

This section covers:

- revenue and expenditure for the IVL in 2022/23
- budgeted, actual, and forecast expenditure for the IVL projects.

IVL performance

Since the full re-opening of the New Zealand borders on 31 July 2022 following the COVID-19 pandemic, IVL revenue has significantly increased. While there has been a rapid return of international visitors, the long-term outlook is unclear. Some initial projects have been completed, others are progressing and consideration has been given to new projects.

Revenue

Actual revenue collected in the fourth year of operation to 30 June 2023 was \$44.9m, down on the forecast of \$53.2m. This is a significant increase on 2021/22 when revenue was \$3.3m. Pre-COVID revenue in 2019/20 was \$57.2m.

Initially, the IVL was predicted to raise approximately \$450m in its first five years. Due to the impact of COVID-19, the total collected since inception to 30 June 2023 is \$108m. This has limited investment over the first four years of the IVL.

Expenditure

This financial year, expenditure for tourism was \$6.255m across eight projects, expenditure for conservation was \$3.148 m across three projects, and administrative expenditure was \$1.760m.

Total expenditure from the IVL since its beginning in 2019 to June 2023 is \$35.944m, which breaks down into: \$18.244m for tourism, \$17.700m for conservation, and \$6.230m for administrative expenditure*.

Funding allocated to out-years

Many of the IVL projects have multi-year funding committed in principle. Administrative expenditure is also committed in advance. As at 30 June 2023, the IVL has funding allocated out to financial year 2026/27.

Total funding allocated to future years as at 30 June 2023 is \$31.368m across both Tourism and Conservation.

Tourism projects have \$18.211m committed over the next four financial years, conservation projects have \$10.771m committed over the next 3 financial year. Administrative funding has been committed for the next two financial years, totalling \$2.386m out to 2024/25.

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

Table 1: Summary of round 1 IVL six-year commitments (\$m)

	19/20 Y1	20/21 Y2	21/22 Y3	22/23 Y4	Future Commitments	Total
Revenue	57,163	2,692	3,314	44,871		108,040
Fund Mgmt Y1-Y6 (inc bank fees)	-2,266	-1,187	-1,017	-1,760	-2,386	-8,616
Conservation	-2,936	-5,685	-5,931	-3,148	-10,771	-28,471
Tourism	-3,170	-6,728	-2,091	-6,255	-18,211	-36,455
Total Expenditure	-8,372	-13,600	-9,039	-11,163	-31,368	-73,542
Uncommitted total as at 30 June 2023						34,498

Individual projects' financial performance

Since the IVL began in 2019, the Joint IVL Ministers have approved 20 projects for investment. In its fourth year, the conservation and tourism projects have advanced all IVL investment priorities: to target areas of cultural and historic significance, the restoration and protection of New Zealand's unique biodiversity, upgrades to existing tourism destinations, and transformational technologies.

New projects approved

Two new projects were approved during the 2022/23 financial year from the tourism portfolio, and one from the conservation portfolio:

- Freedom Camping Implementation of Reforms - \$4.200m to fund establishment costs of the regulator and system.
- National Destination Management Team - \$5.000m for a Destination Management team to advance Destination Management and Destination Management plans.
- Hauraki Gulf Marine Protection - \$1.605m to bridge funding for the protection of large areas of the Hauraki Gulf, increasing the areas of the Hauraki Gulf under protection from 6.7% to 18%, removing anthropogenic pressures that have negative impacts on marine species including indigenous species, and research and monitoring components of the work.

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

Table 2: Tourism funding commitments by project as at 30 June 2023 (\$m)

Project	Budgeted Funding	Actual Funding	Y	19/20 Actual	20/21 Actual	21/22 Actual	22/23 Actual	23/24 Allocated	24/25	25/26	26/27
Building The Tourism Workforce (Stage 1- Go With Tourism)	5,200	5,200	4	1,170	1,528	1,616	886				
Tourism Data	5,080	5,080	2				60	5,020			
Local Revenue Tools	350	350	1					350			
Trenz Connect	1,550	1,550	2			475	1,075				
Freedom Camping Vehicle Register	1,900	1,900	2				1,107	793			
Regional Tourism Nz (Rtnz) Destination Management Plans	600	600	2				300	300			
I-Site Network	2,975	2,975	3				975	1,200	800		
Go With Tourism (Gwt)	2,000	2,000	2				1,452	548			
Business Events Industry Aotearoa	400	400	1				400	-	-		
Freedom Camping Implementation of Reforms	4,200	4,200	4					1,050	1,050	1050	1050
National Destination Management Team	5,000	5,000	2					2,500	2,500		
TOTAL	29,555	29,555		1,170	1,528	2,091	6,255	11,761	4,350	1,050	1,050

Table 3: Conservation current funding commitments by project as at 30 June 2023 (\$M)

Project	Budgeted Funding	Actual Funding	Years	19/20 Actual	20/21 Actual	21/22 Actual	22/23 Actual	23/24 Allocated	24/25 Allocated	25/26
Kākāpō Recovery Programme	8,030	7,362 [†]	7	484	1,155	2,481	792	866	708	876
Maukahuka Pest Free Auckland Island	1,500	1,499	3	147	776	576				
Regulatory Compliance	13,680	12,010 [‡]	6	1,010	2,271	2,852	2,326	2,700	848	
Ruapekapeka Pa	1,200	1,200	4	521	377	21	30	251		
Te Manahuna Aoraki Landscape Scale Restoration	1,500	1,500	2	528	972					
Visitor Safety System Trial and Pilot	380	381	2	246	135					
TOTAL	26,290	23,949		2,936	5,686	5,930	3,148	3,641	1,732	876

[†] The cause of the underspend for 22/23 is largely due to project delays with new site establishment (Maungatautari and Coal Island), and delays in the transmitter technology project.

[‡] The project is expected to come in under budget due to unspent contingency and reduction in planned work during COVID.

A photograph of a rugged, snow-capped mountain peak, likely Mount Everest, under a cloudy sky. The foreground features a turquoise lake with several icebergs floating in it. The mountain's slopes are dark and rocky, with patches of snow and ice. A large red watermark is overlaid diagonally across the image.

Section 2: Project Progress Reporting






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Section 2: Current Tourism and Conservation Projects' Progress against milestones

The following tables show the progression of current IVL projects against key milestones as at 30 June 2023⁵.







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

Table 4: Conservation Portfolio – Progress against key milestones

Pillar	Investment Priority	Project	Description	Key Milestones 2022/2023	Status	Project End Date
Biodiversity	Increasing species management	Kākāpō Recovery Programme	Development of long-term sustainable management approach for kākāpō and establishment of new habitat sites.	New transmitter technology development		2026
				Maungatautari kākāpō translocation		
				Te Kāhahu breeding pilot		
				10-year strategic plan		
				Coal Island and Five Fingers kākāpō translocation		

Pillar	Investment Priority	Project	Description	Key Milestones 2022/2023	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.	Install new historic armaments for display		2026

⁵ Past projects are captured in previous IVL Annual Performance Reports, available: [Annual Performance Report 2021/22 | Ministry of Business, Innovation & Employment \(mbie.govt.nz\)](https://www.mbie.govt.nz/annual-performance-report-2021/22/)



Pillar	Investment Priority	Project	Description	Key Milestones 2022/2023	Status	Project End Date
Responding to visitor pressure on conservation and the environment	Protecting endangered species from smuggling and ensuring consistent application of rules on conservation land and waters natural and cultural heritage	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.	Delivery of outreach campaigns leading to increased levels of public engagement and awareness about conservation compliance		2025
				Improving the auditing of concessionaires by establishing a monitoring and audit team		
				Completing investigations into over 200 incidents logged into the Department's CLE Works enforcement system		
				Strengthening compliance officer and district warranted officer relationships through engagement, coaching and mentoring		
				Deployment of conservation enforcement dog and collaboration with border operation companies		
				Enhancing compliance capacity to strengthen border capability, detect wildlife crimes, and enable increased investigations		

Additional commentary on projects





The kākāpō translocation to Five Fingers/Taumoana was paused due to a rat incursion on Resolution Island. The Maungatautari sanctuary was prepared for translocation which occurred in FY 23/24.

The project end dates for Kākāpō Recovery and Ruapekapeka Pā have been extended, total allocated budget remains the same.


Table 5: Tourism Portfolio – Progress against key milestones





Pillar	Investment Priority	Project	Description	Key Milestones 2022/2023	Status	Project End Date
Tourism Strategic Infrastructure	Destination Management planning and investment	TRENZ Connect	To support the Tourism Industry New Zealand Trust (TINZT) to deliver Tourism Rendezvous New Zealand (TRENZ) for 2022 and 2023, New Zealand’s largest annual international tourism business-to-business travel and trade event	Funding for TRENZ Connect – an online platform that connects domestic buyers with international sellers, by enabling domestic sellers to list for free until the main markets of China, Australia and USA are restored. TRENZ Connect was held over 17-19 May 2022		2023
		TRENZ Connect Promotion of Tourism Careers – Building the Tourism	To support the Tourism Industry New Zealand Trust (TINZT) to deliver Tourism Rendezvous New Zealand (TRENZ) for	Working capital provided for TRENZ 2023, enabling preparations for the 2023 event to continue		2023

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		Workforce Programme	<p>2022 and 2023, New Zealand's largest annual international tourism business-to-business travel and trade event</p> <p>Deliver through Go with Tourism (GWT) a programme to improve perceptions of tourism career pathways and attract more people into New Zealand's tourism and hospitality workforce</p>	Increased placement of candidates into employment with tourism or hospitality employers		2023
Tourism System Capability		Promotion of Tourism Careers – Building the Tourism Workforce Programme	Deliver through Go with Tourism (GWT) a programme to improve perceptions of tourism career pathways and attract more people into New Zealand's tourism and hospitality workforce	GWT Expos are delivered and GWT participates in multiple other expos facilitated by other organisations		2023
				Secondary schools and tertiary providers are engaged and participate with GWT programme		
				Increased marketing reach across all GWT social media channels	 Not achieved due to programme closing	

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				Place 100+ candidates with an employer through the Pledge A Placement programme (68 candidates placed through this particular programme)		
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Pillar	Investment Priority	Project	Description	Key Milestones 2022/2023	Status	Project End Date
Tourism Strategic Infrastructure	Tourism Communities and Regions	Freedom Camping Vehicle Register	Design and build an electronic register of self-contained vehicles and to set up the register's associated systems.	Design, build, test and implement the register with support documentation		2023
	Tourism Communities and Regions	i-SITE Network	i-Site upgrade	Brand Development		2026
				Physical updates for 14 destination i-SITEs		
Development of i-SITE digital assets						

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Pillar	Investment Priority	Project	Description	Key Milestones 2022/2023	Status	Project End Date
Tourism System Capability	Tourism Communities and Regions	RTNZ Destination Management capability	Destination Management Capability Building	Benchmark RTO capability		2024
				Build capability of RTO network		
				Connecting key stakeholders to Destination Management Plans and RTOs		
				Destination Management plan review and extensions		

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Briefing: Proposed IVL Projects May 2024

To	Minister of Conservation	Date submitted	8 May 2024
Action sought	Agree to fund the package of proposed projects from the IVL.	Priority	High
Reference	24-B-0224	DocCM	DOC-7633520
Security Level	In Confidence		

Risk Assessment	Low	Timeframe	13 May 2024
Attachments	Attachment A – Information on proposed projects Attachment B s.9(2)(f)(iv) Attachment C – Assessment of projects against IVL eligibility criteria		

Contacts	
Name and position	Cell phone
Stephanie Rowe, Deputy Director-General, Biodiversity, Heritage and Visitors	s.9(2)(a)
Ruth Isaac, Deputy Director General, Policy and Regulatory Services	
Tim Bamford, Chief Advisor	

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Executive summary – Whakarāpopoto ā kaiwhakahaere

1. We seek your agreement to fund a package of three high-priority conservation projects with an approximate cost of \$18.2 million over four years using the International Visitor Conservation and Tourism Levy (IVL). Forecasting estimates that there will be \$28m of IVL funding available for use by the end of June in DOC’s accounts.
2. The package includes projects to:
 - Develop and implement a Huts of Recreational Importance Partnerships to enable organisations and cohorts of volunteers to maintain and manage huts and tracks on public conservation land;
 - s.9(2)(f)(iv)
 - Connect New Zealanders and visitors to nature and drive regional economic development through promoting experiences on public conservation land and waters.
3. These projects have been identified from existing or planned high-priority projects which will not be able to proceed without additional funding. We expect them to deliver significant benefits for conservation and respond to visitor pressures in key areas.
4. We propose discussing this during your weekly officials meeting on 13 May 2024.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Agree to the following projects being funded by the IVL:	
	Huts of Recreational Importance (\$4.2m)	Yes / No
	s.9(2)(f)(iv)	████████
	Nationwide campaign to connect New Zealanders to nature (\$5m)	Yes / No
b)	Note that we will allocate funding for projects you approve once a detailed business case and implementation plan has been approved by the Director-General of Conservation	



Date: 8 / 5 /24

Stephanie Rowe
Deputy Director-General
Biodiversity Heritage and Visitors

Date: / /

Hon Tama Potaka
Minister of Conservation

Purpose – Te aronga

5. To seek your agreement to fund three high-priority projects using the International Visitor Conservation and Tourism Levy (IVL), which align with the IVL Investment Plan 2023.
6. We have time to discuss these projects at your weekly officials meeting on Monday 13 May 2024.

Background and context – Te horopaki

7. You have recently agreed to funding five projects (totalling \$17.81m) from the IVL [24-B-0043 and 24-B-0111 refers].
8. Forecasting estimates that there will be a further \$28m of IVL funding available for use by the end of June in DOC's accounts.
9. Following initial discussions with you, we are proposing three additional projects for investment (totalling \$18.2m). We propose discussing these further at your weekly officials meeting on Monday 13 May 2024.

The three projects for investment support your priorities

10. We consider that there are three projects that would support your priorities, and provide significant benefits to New Zealanders and regional communities. These are:
 - Huts of Recreational Importance (\$4.2m)
 - s.9(2)(f)(iv)
 - Connecting New Zealanders to nature (\$5m)
11. An overview of these projects is below. Further details of each project is provided in **Attachment A**.
12. These projects are related to the following of your priorities for DOC:
 - Identifying 'high value' conservation domains (areas, habitats, and species)
 - Generating and activating revenue through the conservation estate
 - Te Tiriti/Treaty of Waitangi responsibilities

Huts of Recreational Importance

13. DOC's network of huts and tracks enables international visitors and New Zealanders to enjoy a range of activities in the outdoors, including hunting, off-roading, tramping and cycling.
14. DOC is unable to afford the maintenance of its full visitor network and therefore relies on third parties to deliver maintenance on predominantly the backcountry hut and track network. Supporting third parties to maintain, and in some areas adopt ownership of infrastructure, will support DOC over the long-term to manage the visitor network. Without the support of these third parties, DOC would need to be taking more aggressive corrective action to decommission huts and tracks.
15. There is a significant opportunity to develop and implement Huts of Recreational Importance Partnerships to enable organisations and cohorts of volunteers to maintain and manage huts and tracks on PCL. Where appropriate, this may include transfer of ownership of those facilities to others able and willing to maintain them.

s.9(2)(f)(iv)

17. s.9(2)(f)(iv) [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
- [Redacted]

Connecting New Zealanders and visitors to Nature

23. There is a great opportunity to support more New Zealanders and visitors getting into nature through increasing promotion of experiences on public conservation land and waters, and supporting a better understanding of the state of nature and how people can contribute.
24. We propose running a multi-year information campaign to mobilise New Zealanders and international visitors into nature in the regions, lift the customer experience, generate revenue, and attract investment.

Risk assessment – Aronga tūraru

25. We consider proceeding with the proposed investments to be low risk. The projects all fit with the IVL Investment Plan priorities and meet the eligibility criteria (see **Attachment C**).
26. The risk of not proceeding is set out in greater detail for each project in **Attachment A**.

Treaty principles (section 4) – Ngā mātāpono Tiriti (section 4)

27. Projects funded through the conservation portion of the IVL must demonstrate how they have considered Treaty principles. Analysis is provided in more detail in **Attachment A**.

28. Many of the projects considered have established partnerships with mana whenua in design or delivery, respond to aspirations of Treaty partners, or enable information sharing to better inform future shared priorities. Undertaking these projects is consistent with our section 4 obligations under the Conservation Act 1987.

Consultation – Kōrero whakawhiti

29. We have informed MBIE of the three proposed projects, in line with the approach outlined in the IVL Investment Plan.

Next steps – Ngā tāwhaitanga

30. Should you approve funding for the three projects, we will prepare further detailed internal business cases so the funding can be allocated and the projects can progress. We will seek your agreement to future projects funded through the IVL early in 2025, subject to Budget decisions around the ongoing use of IVL funding.

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Attachment A - Information on proposed projects

Project	Huts of Recreational Importance
Purpose	<p>Develop and implement Huts of Recreational Importance Partnerships to enable organisations and cohorts of volunteers to maintain and manage huts and tracks on PCL. Where appropriate, this may include transfer of ownership of those facilities to others able and willing to maintain them.</p> <p>The Partnerships will support the outcomes of the Future Visitor Network Programme, that encourages others to maintain or manage visitor experiences that a regionally important.</p>
IVL funding sought and timeframe	\$4.2M spread over 4 years
Investment plan priority	<p>Pillar 2: Responding to visitor pressures on conservation and the environment.</p> <p>Enhancing cultural heritage and protecting the natural environment from visitor impacts.</p> <p>Delivering system level responses to visitor pressures.</p>
Context	<p>DOC is unable to afford the maintenance of its full visitor network. DOC relies on third parties to deliver maintenance on some of the visitor network, predominantly the backcountry hut and track network. Without them, DOC would need to be taking more aggressive corrective action to decommission or transfer ownership of these huts and tracks.</p> <p>DOC works with a range of non-profit organisations who draw from a range of paid and volunteer workforces and donated materials to maintain hundreds of huts and tracks. Many deliver maintenance work at a much lower cost than DOC can.</p> <p>Some of these non-profit organisations are very small, focussing on one or two key huts and tracks, while others like the Backcountry Trust have a much larger capacity and coverage across the country.</p> <p>To retain the commitment and agreements with these third-party organisations and community of volunteers, DOC needs to be able to work with them through a system level approach, and provide them some financial support.</p>
Activities	<p>Establish Huts of Recreational Importance Partnerships to maintain huts and tracks on PCL, particularly those that DOC are unable to continue to maintain on its own.</p>
Benefits	<p>Enables DOC, with the support of third parties, to decide on what an appropriate size and distribution of a hut and track network should be and identify parts that could be maintained by others.</p> <p>Ensures DOC can maintain key partnerships with others to deliver maintenance of some huts and tracks at a lower cost.</p> <p>Unlocking donations of time and materials from the community and private sector.</p> <p>Relieves some financial burden on regions who sometimes fund volunteer groups to deliver work and enables DOC staff to focus on their key priorities in the visitor network.</p> <p>Continuing to maintain a network of huts and tracks encourages visitors to keep on main track routes and stay safe in legal buildings on PCLW. Without the network, visitors are more likely to go off track and potentially impact the natural environment on PCLW.</p> <p>Supports the delivery of the National Party's manifesto to establish Huts of Recreational Importance Partnerships.</p>

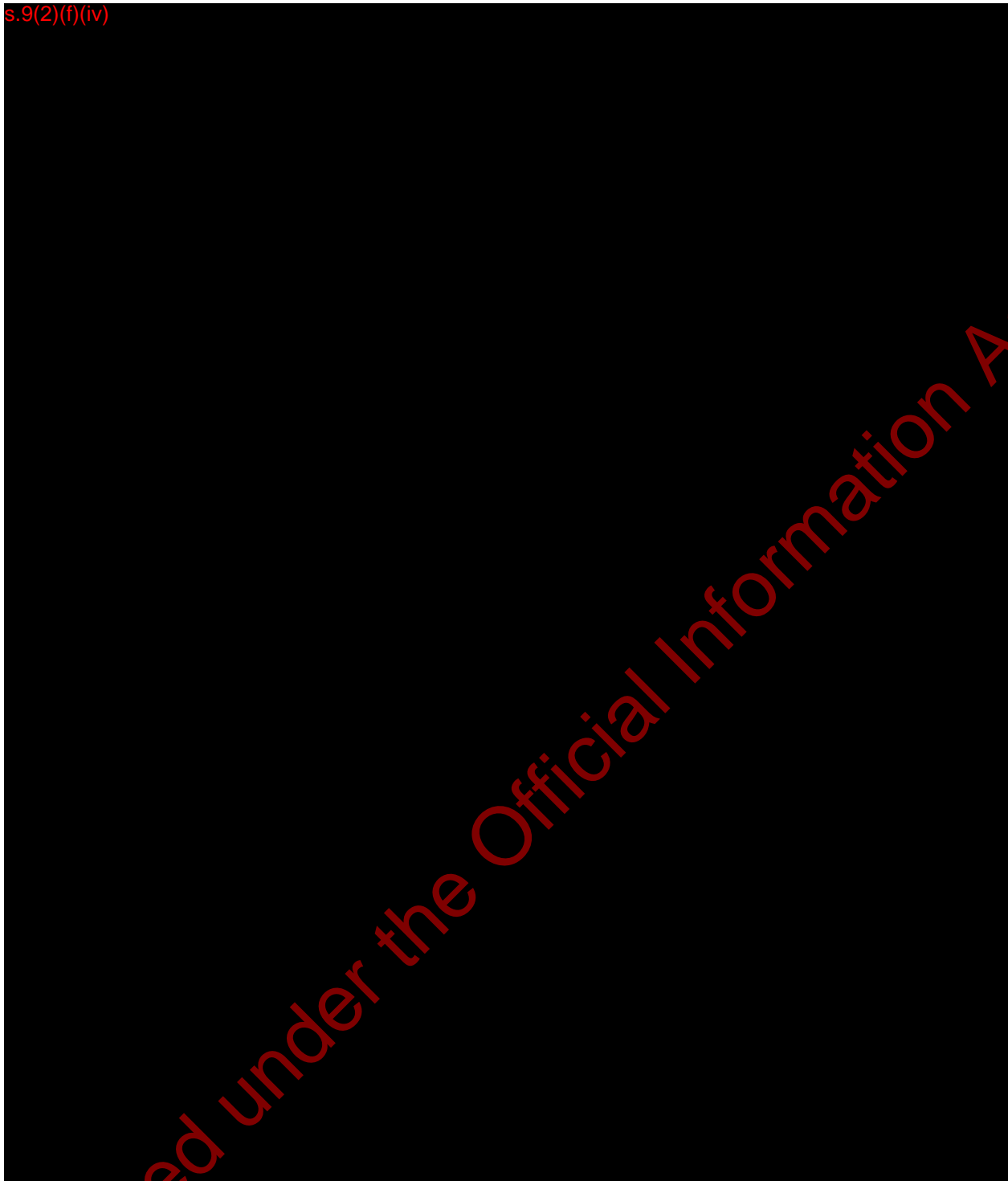
External partners	Iwi and hapū Backcountry Trust Deer Stalkers Association Federated Mountain Clubs Other regionally based volunteer groups
Risks of not going ahead	Some existing community organisations and volunteers may become disillusioned and withdraw their existing volunteer commitment. DOC would need to find alternative ways to fund and maintain some of the backcountry network. This would likely require significantly more funding or decommission a larger portion of its network of huts and tracks.
Comments	The Partnerships should not provide for extending the visitor network further and consider reducing the network as appropriate. This funding must provide for DOC staff time to manage these Partnerships, including designing how Partnerships are established and agreeing a work programme of huts and tracks to be delivered through those Partnerships.

Financial year ending June	2025	2026	2027	2028	2029	Five year total
Total operating funding, \$m	\$0.60M	\$1.0M	\$1.30M	\$1.30M		\$4.2M
Total capital funding, \$m						
Total capital and operating funding, \$m	\$0.60M	\$1.0M	\$1.30M	\$1.30M		\$4.2M

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Project	Connecting New Zealanders to nature
Purpose	A high-impact campaign that mobilises New Zealanders and international visitors into nature in the regions, lifts the customer experience, generates revenue, and attracts investment.
IVL funding sought and timeframe	\$5 million over three years
Investment plan priority	Pillar 2: Responding to visitor pressures on conservation and the environment. Enhancing cultural heritage and protecting the natural environment from visitor impacts.
Context	<ul style="list-style-type: none"> - One of the Ministerial priorities is to generate and activate revenue to apply to the conservation estate. - Nature is in trouble – the scale of the challenge is growing, and New Zealand can act to make a difference. - Maintaining New Zealand’s clean green image supports a strong economy – the economic value of tourism on PCL is \$4.1b. - If we don’t protect nature, our economy suffers. - New Zealanders, visitors and investors can be mobilised to get into nature, engage with the challenge, and take action to help.
Activities	<p>Year One FY 24/25 Research, scoping, stakeholder engagement Campaign starts approx. October 2024 Website redesign starts approx. November 2024 Donations platform, volunteering portal, hunting/fishing permit updates integrated with DOC website by June 2025</p> <p>Year Two FY 25/26 Campaign ongoing, incl. launch of donations platform and volunteering portal Website redesign complete Upgrade booking system Develop merchandise</p> <p>Year Three FY 26/27 Campaign wind down, enduring message Roll out merchandise</p> <ul style="list-style-type: none"> - Research programme <ul style="list-style-type: none"> o Understand attitudes towards nature and recreation, including action for nature (volunteering, donating, investing) to build campaign and calls to action o Understand the customer experience and customer journey to inform decisions on the website and bookable products o Market research for revenue generation streams (on PCL, in Visitor Centres, merchandise) o Measure impact of campaign - Nationwide campaign that drives action by mobilising New Zealanders and visitors to visit DOC experiences. <ul style="list-style-type: none"> o Campaign to be executed with traditional advertising, digital advertising and content, and in-person actions in

	<p>urban centres and at-place on Public Conservation Land and in Visitor Centres</p> <ul style="list-style-type: none"> ○ Campaign to have longevity, be memorable, and connect with DOC's engagement and communications activity ○ Will seek to use people with influence, like our partners, to amplify <ul style="list-style-type: none"> - Support the growth of the Short Walks and Day Hikes - Support the launch of a donations website - Support the launch of a volunteering platform - Scope the development of merchandise - Upgrade the customer experience on the DOC website to make it easy to get into nature, volunteer, donate <ul style="list-style-type: none"> ○ Includes new and streamlined booking and customer services: ie hunting and fishing permits, permissions, donations, volunteering, huts and campsites - Do the groundwork to introduce a new charging regime
Benefits	<ul style="list-style-type: none"> - Local economic recovery driven by attracting people to DOC experiences in regions - Build on the number one reason for international tourists visiting NZ – to experience nature on land and sea - Generate additional revenue streams for DOC <ul style="list-style-type: none"> ○ New Zealanders are motivated to act for nature and develop a willingness to pay to access PCL - Attract investment to the conservation estate <ul style="list-style-type: none"> ○ Business sees critical importance of nature to 70% of export market and therefore motivated to act, invest, or partner. ○ Investors see New Zealand leading the world in protecting nature and are motivated to invest. - DOC is shown to be a modern, innovative leader of the conservation movement - Move people from experiencing nature to acting for it through time (volunteer), money (donate, invest), and voice (advocate). - Modernise the DOC website to be able to support people finding the right experiences for them and taking action for nature, in an easy, streamlined way. Particularly bookings, permits, donations, and volunteering, which will be integrated into the website for a seamless customer experience. - Monitor and measure KPIs through research, data, and insights – visitation numbers to DOC touchpoints: PCL, website, Visitor Centres; actions taken for nature: volunteering, donating, investing, partnering, advocating; amount of donations, investments, partners
External partners	<p>Potential to work with:</p> <ul style="list-style-type: none"> - DOC's existing national partners (ie Air New Zealand) - Concessionaires who operate businesses on PCL (over 5,000) - Tourism New Zealand - Regional Tourism Organisations - Local Councils - Iwi, hapū, whānau
Risks of not going ahead	<ul style="list-style-type: none"> - There is an urgency around nature. 65% of people agree that conservation is one of New Zealand's most important issues.

	<ul style="list-style-type: none"> - Acting for nature and visiting NZs special places is a significant driver for international and regional tourism – without building on this interest we risk losing investment into our regions - If we want to have a strong voice and use it to mobilise New Zealanders into nature, we need to show how people can engage with nature
Comments	

Financial year ending June	2025	2026	2027	2028	2029	Five year total
Total operating funding, \$m	\$2.5M	\$2M	\$0.5M	-	-	\$5M
Total capital funding, \$m	-	-	-	-	-	-
Total capital and operating funding, \$m	\$2.5M	\$2M	\$0.5M	-	-	\$5M

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s.9(2)(f)(iv)

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Attachment C - Assessment of projects against IVL eligibility criteria

Project	The project aligns with one or more of the IVL investment priorities	The project will have significant impact at places which attract or are affected by international visitors or tourism	The project would not be able to progress due to lack of funding without the IVL	The project has considered whole of life costs, and sources of funding have been identified if ongoing funding is required	The project is not, or able to be, fully cost-recovered by users	There will be quantifiable outputs from the project	The project has considered how it will give effect to the principles of Te Tiriti o Waitangi
Huts of Recreational Importance	<p>Pillar 2: Responding to visitor pressures on conservation and the environment.</p> <p>Enhancing cultural heritage and protecting the natural environment from visitor impacts.</p>	<p>The Partnerships enables DOC to focus more of its current resources in places experiencing significant pressures from International Visitors and tourism. Partnerships with third parties to manage parts of DOC's visitor network enables others to make a significant impact to the network, that DOC are not able to manage on their own.</p>	<p>Partnerships take time and effort to establish and must be managed appropriately to ensure efficiencies are sustained and liabilities are managed. Without funding, DOC would have to deprioritise work in areas of high visitor pressure to facilitate the engagement of others to manage parts of the network OR would need to take more aggressive divestment action of the visitor network, being no longer able to afford the infrastructure that our third parties would like to maintain.</p>	<p>The \$4.2M will allow:</p> <ul style="list-style-type: none"> - DOC to establish the Partnerships. - planning what visitor infrastructure is available for maintenance through the Partnerships. - planning what infrastructure is NOT available and decide if it is either managed by DOC or removed from the Network. - funding for delivery of projects over 4 years. 	<p>Maintaining the visitor network is beyond DOC's current budget. Enabling third parties and volunteers to maintain parts of the visitor network through a system level approach will help improve efficiencies and the financial sustainability of the visitor network.</p>	<p>Outputs will be measured in number or hours engaged, Km of track and number of huts maintained by others.</p>	<p>The Partnerships should be open to a wide range of applicants. Criteria will be built to specify the types of groups and organisations, and size, that can apply. Treaty Partners should be given the opportunity to play a role in the Partnerships. For example, some Iwi already have crew in the field doing work on predator control and biodiversity objectives. These Iwi may be interested and have the skills to join the Partnerships to extend their programmes to maintaining huts and tracks.</p>

Project	The project aligns with one or more of the IVL investment priorities	The project will have significant impact at places which attract or are affected by international visitors or tourism	The project would not be able to progress due to lack of funding without the IVL	The project has considered whole of life costs, and sources of funding have been identified if ongoing funding is required	The project is not, or able to be, fully cost-recovered by users	There will be quantifiable outputs from the project	The project has considered how it will give effect to the principles of Te Tiriti o Waitangi
s.9(2)(f)(iv) [Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Connecting New Zealanders to nature	Pillar 2: Responding to visitor pressures on conservation and the environment. Enhancing cultural heritage and protecting the natural environment from visitor impacts.	Yes – it will drive visitation to regions to support local economic recovery	Yes – DOC does not have baseline funding for this work	Yes	We can expect investment in regional economies through visitation, donations, investment in conservation project, partnerships with DOC.	Yes – visitation numbers at-place, in Visitor Centres, and on the DOC website and actions taken by the public including donations, volunteering, and investments.	Yes – we will work with mana whenua

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Status Report item template

This item is for the **Minister of Conservation**

1.1 Consultation on the IVL has closed

- On 15 April 2024 the Cabinet Business Committee agreed to a four-week consultation on the International Visitor Conservation and Tourism Levy (IVL) Rate Review, seeking feedback on four options of the amount for the IVL (either keeping the status quo of \$35, or an increase to \$50, \$70 or \$100), and IVL investment choices, including tourism, conservation, and potentially other sectors affected by tourism. (CBC-24-MIN-0019)
- Consultation closed on Tuesday 11 June 2024.
- We received 1011 survey submissions and 87 written submissions from across the tourism and conservation sectors as well as members of the public.
- The responsibility for setting the rate sits with the Minister for Tourism and Hospitality. However, decisions on how the revenue should be spent will have major impacts on conservation and will be of interest to you given your priority of increasing non-Crown revenue.

Next steps

- You and the Minister for Tourism and Hospitality will receive a joint briefing and summary of submissions on 20 June 2024.
- The Minister for Tourism and Hospitality intends to report back to the Cabinet ECO committee on 24 July 2024. You may wish to discuss with him whether this should be a joint Cabinet paper.

Contact: James Johnson, Policy Manager: s(2)(a)

Cabinet Paper Talking Points

To	Minister of Conservation		
Date of meeting	24 July 2024		
Cabinet Paper	Final Decisions on the International Visitor Conservation and Tourism Levy Amount		
GS tracking #	24-K-0016	DocCM	DOC-7695619
Minister lead	Minister for Tourism and Hospitality and Minister of Conservation		
Committee	Cabinet Economic Policy Committee		
DOC Contact/s	Ruth Isaac, Deputy-Director General, Policy and Regulatory Services, 9(2)(a) [REDACTED]		
Security Level	In Confidence		

Recommendations

- **Agree** that the International Visitor Conservation and Tourism Levy be increased to \$100 per eligible person and that the increase take effect on 1 October 2024.
- **Direct** officials from the Ministry of Business, Innovation and Employment, Department of Conservation and the Treasury to report back to the Ministers of Finance and Conservation and the Minister for Tourism and Hospitality as the joint International Visitor Conservation and Tourism Levy Ministers on spending decisions.

Key Background Information

IVL Consultation

- Most international visitors applying for a visa to enter New Zealand are charged the International Visitor Conservation and Tourism Levy (IVL) of \$35. At the current rate the IVL generates around \$80m per annum (based on 2019 visitor numbers), split 50/50 between Conservation and Tourism.
- Conservation-related tourism was estimated to be worth \$4.1 billion per annum in 2019.¹
- It is estimated that the cost of tourism on our local infrastructure and regions has risen to at least \$250m. Around \$96m of this is on public conservation lands.
- The Ministry of Business, Innovation and Employment (MBIE) and DOC recently held public consultation on raising the IVL rate and how IVL money should be spent. MBIE received 1101 submissions.
- Approximately 93 per cent of submitters suggested that an increase to the IVL was needed, with 66 per cent of submissions supporting an increase of the IVL rate to \$100. In addition, 93 per cent of submitters agreed or

¹ We are working to update this figure to a more recent estimate.

strongly agreed with the IVL being used to address visitor pressure on the public conservation estate.

IVL Revenue

- This Cabinet paper only seeks agreement to raising the IVL rate, and decisions on the allocation of revenue will be made separately.
- Increasing the IVL to a rate of \$100 is estimated to bring in a total of \$229m in revenue.²
- Forecast revenue from an anticipated increase in the IVL rate to \$70 formed part of the Budget 2024 operating package. It was treated as general crown revenue; and there was not a proportionate increase in the amount appropriated to tourism and conservation.

9(2)(f)(iv)

- The statutory purpose of the IVL is to fund or contribute to the funding of:
 - conservation;
 - infrastructure used for tourism (including the cost of operating the infrastructure); and
 - other initiatives related to tourism.

- 9(2)(g)(i)
[Redacted]

- 9(2)(f)(iv)
[Redacted]

Conservation Priorities and IVL investment

- You have outlined that one of your priorities for conservation is targeting investment to high-value conservation areas (HVCA).
- DOC has work underway that will support the identification of HVCA including; the Biodiversity Planning Approach, the Future Visitor Network Strategy and the Financial Sustainability Review. These will help identify

² IVL funding is spent in 'arrears' i.e. after it is earned. DOC does not have any unallocated IVL funding outside the current financial year.

investment options for Ministers, including opportunities to be funded through the IVL.

- DOC and MBIE will be recommending to ministers that the IVL investment plan be updated, including the investment principles. The aim of an updated investment plan is to maximise the impact of IVL investments and alignment with wider Government priorities.
- s9(2)(f)(iv) [REDACTED]
- Following Cabinet's decision on the IVL rate, MBIE and DOC will provide ministers advice on next steps. We expect that updating the investment plan will take two-three months.
- We will also seek improvements to how funding can be allocated in conservation and to reporting on its use.

Rationale for IVL exemptions

- You previously asked for more information on why some citizens are exempt from paying the IVL, specifically Australian citizens and permanent residents, and citizens of Pacific Island Forum nations.
- The principal of free movement between Australia and New Zealand underpins the Trans-Tasman Travel Arrangement between the two countries. As such, Australian citizens do not require a visa or a New Zealand Electronic Travel Authority (NZeTA) and are granted a resident visa on arrival in New Zealand without having to apply online.
- Because the IVL is collected via the immigration system, who is liable to pay the IVL is linked to visa types and who is required to submit a New Zealand Electronic Travel Authority (NZeTA). Charging the IVL to Australians would require changes to the current visa system and would be administratively complex s9(2)(g)(i) [REDACTED].
- Analysis at the time the IVL was introduced showed Australia was our most price-sensitive market. Charging the IVL to Australians would likely impact demand and have flow on effects on regional connectivity because many trans-Tasman flights operate on a low-margin, high volume model.
- Pacific Island Forum countries were exempted to support the Government's economic objectives in the region. Charging the IVL to Pacific Island nations was estimated to remove \$3.6 million annually from the Pacific economy. It was also expected to have more significant economic impacts on Pacific Island citizens who often travel to New Zealand for family, medical, education and employment reasons.

Appendix 1: Talking points

Overall proposal

- I support raising the IVL to the rate of \$100, on the basis that it:
 - ensures that international tourists are directly contributing more revenue towards costs they are generating;
 - supports one of my key priorities for the conservation portfolio to increase revenue, in particular from third parties;
 - provides an important funding stream for conservation and tourism; and
 - is expected to have limited affect on demand.
- It is important to ensure that international visitors are contributing appropriately for local public goods and mixed-use local infrastructure that they are benefitting from, as well as wider conservation work.
- Raising the IVL will ensure we are able to recoup more of the estimated \$250m in costs that tourism is placing on local infrastructure and our regions.
- It also aligns with the 93 per cent of submitters who wanted to see a raise in the IVL rate, and the 66 per cent who agreed with the rate needing to move to \$100.

Importance to Conservation revenue

- Conservation-related tourism was estimated to be worth \$4.1 billion per annum in 2019, and we know that many international visitors come here to visit our National Parks and natural spaces. Maintaining these is critical to continuing to entice these visitors here.
- The IVL currently provides an important revenue stream for the Department of Conservation to undertake critical biodiversity work, and helps contribute towards the upkeep of its extensive visitor network.
- It accounts for approximately 7% of DOC's operating revenue and has provided funds to support important tourism infrastructure projects such as:
 - the Tongariro Alpine Crossing sustainable management project; and
 - the recently announced investment in reopening a walking track at Cathedral Coveas well as biodiversity projects that maintain our iconic species and landscapes such as:
 - the Kākāpō Recovery Programme; and
 - the National Wilding Conifer Control Programme
- Together with MBIE, my officials are looking at the IVL investment plan and its investment criteria. This is to ensure that they reflect one of my priorities for the conservation portfolio which is targeting investment in high-value conservation outcomes, and alignment with Government's wider objectives.

Appendix 2: Previous Conservation projects funded through the IVL

Year funded	Project	Funding
2019	Kākāpō Recovery Programme	\$8,030,000
2019	Maukahuka Pest Free Auckland Island	\$1,500,000
2019	Regulatory Compliance – Building Capacity and Capability for Conservation Law Enforcement	\$13,680,000
2019	Ruapekapeka Pā	\$1,200,000
2019	Te Manahuna Aoraki Landscape Scale Restoration	\$1,500,000
2019	Visitor Safety System Trial and Pilot	\$380,000
2023	Hauraki Gulf Marine Protection	\$1,605,000
2023	Lake Waikaremoana Great Walk reopening, reimagining and Te Urewera pest control plan	\$1,730,000
2023	Tongariro Alpine Crossing sustainable management project	\$1,830,000
2023	National Wilding Conifer Control Programme	\$8,050,000
2023	Biodiversity Investment Approach project	\$2,240,000
2023	Te Manahuna Aoraki project	\$575,000
2023	5 Minute Bird Count database upgrade	\$345,000
2023	Connections for Conservation – Treaty Partner and stakeholder relationship management software improvements	\$172,500
2023	Discover the Outdoors upgrade	\$172,500
2023	Geographic Information Systems upgrade	\$701,500
2023	New Zealand Threat Classification System upgrade	\$345,000
2023	DOC website upgrade	\$575,000
2023	Marine reserve monitoring data improvements	\$97,750
2024	Redeveloping and maintaining the track at Cathedral Cove	\$5,000,000
2024	Enhancing existing iconic short walks and day hikes	\$6,000,000
2024	Increasing efforts to keep Aotearoa free of sea spurge	\$1,280,000
2024	Foundation work for the eradication of pigs, cats and mice from Auckland Island / Maukahuka	\$3,650,000
2024	Huts of Recreation Importance	\$4,200,000
2024	Nationwide campaign to connect New Zealanders to nature	\$5,000,000
	Total	\$69,859,250

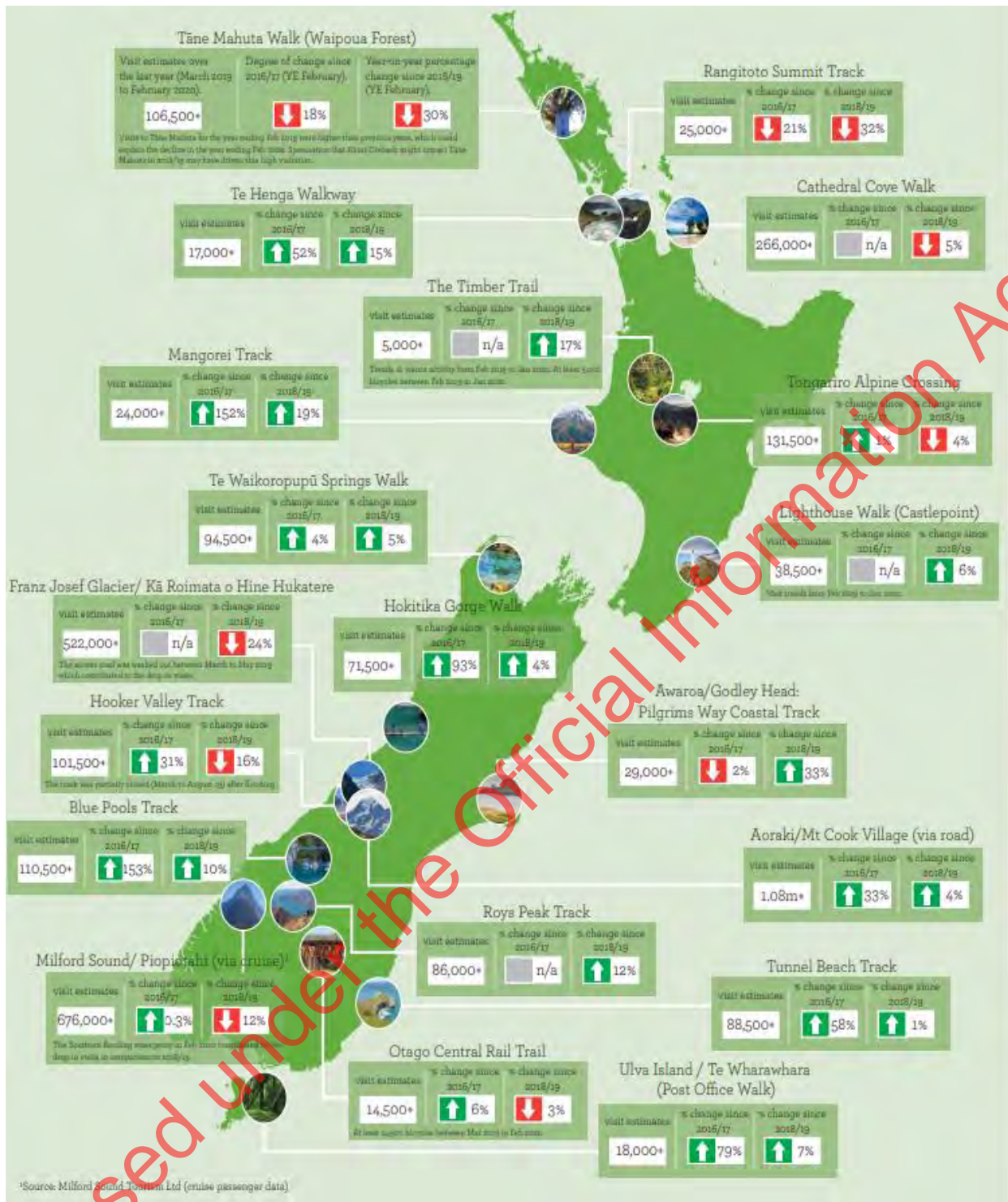
Appendix 3: Most visited DOC sites

Top visited sites by all visitors for 2019/20 (ended February)

	Site	Visit numbers
1	Aoraki/Mt Cook Village (via road)	1,080,000
2	Milford Sound	676,000
3	Franz Josef Glacier	522,000
4	Cathedral Cove	266,000
5	Tongariro Alpine Crossing	131,500
6	Blue Pools Track	110,500
7	Tāne Mahuta	106,500
8	Hooker Valley Track	101,500
9	Te Waikoropupū	94,500
10	Tunnel Beach track	88,500

See map overleaf.

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Source: DOC visitor sites. Year ended 29 February 2020

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