

Departmental Briefing



In Confidence

GS ref: 18-B-1293
DOCCM: **5610433**

To: Minister of Conservation

Date: 30 October 2018

Subject: **Additional advice on Spending the International Visitor Conservation and Tourism Levy**

Action sought: Approve the objectives and criteria for the Conservation pillar of the levy, in addition to approving the levy spending approach in briefing 18-B-1281

Time Frame: By 31 October 2018

Risk Assessment: The levy spending announcement is planned for 8 November 2018. There is no other risk.

Department's Priority: Very High

Level of Risk: Low

Contacts

Name and position	Cellphone	First contact	Principal author
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Context

1. On 29 October, you discussed the briefing “Spending the International Visitor Conservation and Tourism Levy” (18-B-1281) with DOC officials. You asked for several changes to be made to the objectives, criteria and examples of priorities in the Conservation Pillar of the levy. We have attached a copy of briefing 18-B-1281.

Purpose

2. The purpose of this briefing is to confirm the changes to the objectives and priorities for conservation funding from the IVCTL (the levy), to reflect your comments. The changes in paragraphs 4-12 update and replace the indicative objectives and priorities in paragraphs 24-31 of briefing 18-B-1281.
3. Changes made to reflect your feedback are indicated in italics.

The updated Conservation Pillar of the levy

4. The objective of the Conservation Pillar is to invest in conservation projects and programmes that support:
 - a. **Biodiversity objectives** as outlined in the New Zealand Biodiversity Strategy (NZBS) – *the primary purpose*
 - b. **Visitor objectives** as outlined in the draft DOC Visitor Strategy and Government’s Tourism Strategy – *the secondary purpose*
 - c. Within the constraints of primary conservation legislation and statutory plans;
 - d. Projects must have a strong public or club good component, or address market failures ie there is a role for government support

Criteria

5. Individual programmes or projects will look to create additional benefit to DOC’s existing work as follows.
6. Visitor projects should lead to system changes on PCL&W that:
 - a. increase environmental protection or reduced environmental footprint
 - b. reduce DOC operating costs for visitor services
 - c. increase visitor and operator compliance with DOC mandates (e.g. safety, concessions)
 - d. distribute visitors spatially and temporally where there is a benefit to doing so.
7. Biodiversity partnerships should additionally:
 - a. increase community investment, volunteering and ownership of local biodiversity initiatives
 - b. increase or sustain biodiversity on and off PCL&W.
8. Strategic investments in biodiversity should additionally:
 - a. contribute to increasing landscape-level biodiversity
 - b. complement national programmes such as Predator Free NZ 2050

9. *The Conservation Pillar cannot be used to fund promotion of visitor experiences or services.*

Priorities

10. *The Conservation priorities for the levy are, in order of priority:*
 1. Investment in key sites that better protect biodiversity through improved management. For example, investment in land purchase, comprehensive weed eradication and iconic species protection in Mackenzie/Waitaki Basin, alongside visitor infrastructure.
 2. "International themed" biodiversity projects that support the narrative of the levy being a contribution that visitors make to New Zealand. For example, wetland/estuarine restoration to store carbon and support migratory birds.
 3. Improved visitor management and improved understanding of and connection with conservation.
 4. Using conservation partnerships but potentially targeting different national or regional opportunities. For example, current Community Partnerships include Taranaki Mouna, Project Jansoon (Abel Tasman National Park) and Reconnecting Northland.
11. Because of the potential strategic and governance mechanisms of the levy, we recommend that programmes supported by the levy be scoped and funded as discrete projects. This ensures that every project funded by the levy has secure funding should levy revenue be affected by changes to visitor numbers or other decisions.
12. Discrete projects also help to make the levy outcomes tangible, will help with accountability, and will provide transparency. This also will create a point of difference between work that is funded through DOC baselines or budget bids, and projects funded through the levy.

Notes to the feedback

13. We have adopted all changes you requested, with one modification. We have added a restriction in paragraph 8 – that the conservation pillar cannot be used to fund promotion of visitor experiences and services. Your feedback was to add that the levy would not fund marketing. We advise that marketing is a very broad term that could be interpreted to also mean product and service development, market research and design; these functions are required to understand and develop projects that help distribute visitors.
14. You also requested an explanation of how the levy will work being distinct from the baseline.
15. The levy will already sit in a separate appropriation/memorandum account in the government's finances. Because the levy is going to be hypothecated to tourism and conservation, it can't be easily mingled with baseline funds. This risks, for example, substitution of baseline funds with levy funds.
16. The levy can be spent through the same systems that baseline funding is spent (as long as the activity is additive to what the baseline funds), and outcomes can be monitored using the same frameworks. For instance, in briefing 18-B-1281 we have noted that conservation expenditure links to the Biodiversity and Visitor strategies (paragraph 14a).
17. The clearest way to track the levy is by using the Investment Plan to specify what will be funded and how that will link to existing DOC programmes and systems, and then report each year on what was funded or what variations were made. It does not mean

a separate system needs to be created, but that existing systems adapt to having the levy. The outcomes of the levy will still track to long-term conservation outcomes.

18. Extra administration costs created by the levy come from developing programmes that spend the levy, compliance in tracking outcomes from projects funded by the levy, and set-up costs. These are like the overheads in the baseline, though rather than adding an upfront overhead charge, levy administration costs are drawn from the levy fund each year. Keeping that cost transparent (and as low as possible) also provides another rationale for keeping levy funds independent of baseline.

Next steps

19. As well as confirming the recommendations in briefing 18-B-1281, we recommend you agree to the revised objectives and criteria for the Conservation Pillar of the IVCTL, as outline in paragraphs 4-12.
20. The Investment Plan for the levy will be developed over the next 6-8 months. We will use the updated criteria in the development of the plan. During that process, if there are any recommended changes to the criteria, we will provide an update.
21. You and the Minister of Tourism will approve the final criteria when you approve the Investment Plan.

We recommend that you (Nga Tohutohu) –

		Paragraph Reference	Decision
(a)	<u>Agree</u> to the recommendations in briefing 18-B-1281	18-B-1281	Separate briefing
(b)	<u>Agree</u> to the updated objectives and priorities in the Conservation pillar of the IVCTL	4-12	Yes / No
(c)	<u>Note</u> the Investment Plan for the IVCTL will include the updated objectives and priorities in the Conservation pillar; you and the Minister of Tourism will approve these when you approve the Investment Plan.		
(d)	<u>Forward</u> a copy of this paper to the Minister of Tourism, for his information		

 Peter Brunt
 Director, Policy
 For Director-General of Conservation

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 Hon. Eugenie Sage
 Minister of Conservation