MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Tourism Growth Roadmap Cabinet Paper and International Visitor Conservation and Tourism Levy (IVL) Investment Plan for 2025/26

Date:	14 February 2025	**Priority:**	High
Security classification:	In Confidence	**Tracking number:**	BRIEFING-REQ-0009287

Action sought		
	Action sought	**Deadline**
Hon Louise Upston **Minister for Tourism and Hospitality**	Provide feedback on the draft Tourism Growth Roadmap Cabinet Paper and signal your preferences for an investment package to support the Roadmap.	18 February 2025

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

The following departments/agencies have been consulted
Tourism New Zealand, Department of Conservation, the Treasury

Minister's office to complete:

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- ☐ Withdrawn

Comments

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Purpose

To provide you with:

- a draft Cabinet paper outlining your priorities for the Tourism and Hospitality portfolio and your plan for delivering the Tourism Growth Roadmap to support the Government's economic growth objectives, and
- options for a package of initiatives to deliver the Tourism Growth Roadmap in 2025/26 within a constrained International Visitor Conservation and Tourism Levy (IVL) appropriation.

Executive summary

You recently decided on the delivery of a Tourism Boost package of investments using remaining IVL revenue for 2024/25. This package prioritised investments which would drive an increase in visitor numbers over the next 90 days. The Tourism Growth Roadmap will continue the work of the Tourism Boost package by continuing to prioritise investment into demand for tourism but also looking to supply-side investments to support volume growth.

You have asked for a draft Cabinet paper which presents your Tourism Growth Roadmap plan for boosting tourism, initially focused on the next 90 days, then the 2025/26 financial year, before working towards a goal of doubling the value of tourism by 2034. The IVL is available to support investment into activities which will deliver on these objectives.

There are a range of activities on both the demand- and supply-side of the tourism economy which could deliver on your priorities. However, trade-offs across these activities will be required within a constrained envelope of IVL revenue. We understand you are looking to invest 75 per cent of available revenue into demand-side initiatives and 25 per cent into supply-side initiatives for 2025/26. With $28.167 million available for investment in 2025/26, assuming you decide to reallocate a small amount of revenue from an existing commitment, the scenarios for investment carry significant trade-offs.

Following your feedback on the draft Cabinet paper (attached as **Annex One**) and options for delivering the Tourism Growth Roadmap in this briefing, we will prepare a further draft of the Cabinet paper and seek specific agreement to the financial allocation of IVL revenue for 2025/26.

Recommended action

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

a **Agree** to provide feedback on the attached draft Cabinet paper which outlines your priorities for the Tourism and Hospitality Portfolio, as well as your plan for boosting tourism to support the Government's economic growth objectives.

Agree / Disagree

b **Note** there are significant trade-offs across the range of options for delivering the Tourism Growth Roadmap in 2025/26 within a constrained IVL appropriation.

Noted

c **Note** that existing IVL commitments reduce the available discretionary IVL revenue for 2025/26 to $27.667 million but that you have discretion to repurpose some of the pre-committed funding (we are currently investigating with the Treasury whether these pre-commitments should instead be realised in the year in which they were committed).

Noted

d **Agree** to reallocate $0.500 million from the pre-committed "Investment in NCEA Programme of Learning for Tourism" project as the funds are unlikely to be spent in 2025/26 due to a change in the way the NCEA change programme is being implemented.

Agree / Disagree

e **Note** that we do not recommend savings to any other pre-committed projects due to contractual arrangements, industry demand and recent Ministerial decisions.

Noted

f **Agree** to one of the following scenarios for allocating 75 per cent of available IVL revenue for 2025/26 ($21.125 million, assuming that recommendation d is agreed) to demand-side initiatives in your Tourism Growth Roadmap:

Possible scenarios for investment (choose your preferred option)	
Scenario One: prioritises investment into international marketing	*Agree / Disagree*
Scenario Two: prioritises diverse investment and investment into events	*Agree / Disagree*
Scenario Three: Confidential advice to Government	*Agree / Disagree*

g **Agree** to allocate 25 per cent of available IVL revenue for 2025/26 ($7.042 million, assuming that recommendation d is agreed) to one or more of the following supply-side categories in your Tourism Growth Roadmap:

Possible investments (choose one or more options)	
a) Conservation related visitor infrastructure	*Agree / Disagree*
b) Milford Opportunities Project visitor infrastructure	*Agree / Disagree*
c) Ngā Haerenga New Zealand Cycle Trails infrastructure	*Agree / Disagree*
d) Tourism Data Programme ($0.500 million)	*Agree / Disagree*

h **Note** that following your feedback and decisions above, we will provide further advice on your preferred package of options for delivering the Tourism Growth Roadmap in 2025/26 and seek specific agreement to the allocations of IVL revenue to those projects.

Noted

i **Note** you are meeting with the Minister of Conservation, Hon Tama Potaka, and the Associate Minister of Transport, Hon James Meager, on Monday, 17 February 2025 at 7:00pm – 8:00pm to discuss the Milford Opportunities Project and associated International Visitor Conservation and Tourism Levy (IVL) expenditure. You may also like to use this meeting to outline your plans for using IVL revenue to deliver the Tourism Growth Roadmap in 2025/26.

Noted

Privacy of natural persons

Danielle McKenzie
Manager, Tourism Stewardship and Systems
Labour, Science and Enterprise, MBIE
14/02/2025

Hon Louise Upston
Minister for Tourism and Hospitality

..... / ..... / .....

Background

1. You recently decided to allocate the remaining available International Visitor Conservation and Tourism Levy (IVL) revenue for 2024/25 to a Tourism Boost package, the first phase of your Tourism Growth Roadmap. That package is focused on short-term visitor growth in the next 90 days with enhanced international marketing prioritised as the primary lever in the Tourism and Hospitality Portfolio to boost international visitor numbers.

2. You have asked for advice on a package of options for delivering your Tourism Growth Roadmap in 2025/26 which builds on the Tourism Boost package and continues to contribute to the Government's objectives to grow the economy. We understand you are also interested in presenting this plan to your Cabinet colleagues along with your priorities for the portfolio in March 2025. A draft Cabinet paper is attached as **Annex One**, however the specific activities which will make up the Tourism Growth Roadmap for 2025/26 will be amended following your decisions in this paper.

3. You are also meeting with the Minister of Conservation, Hon Tama Potaka, and Associate Minister of Transport, Hon James Meager, on Monday, 17 February 2025 at 7pm-8pm to discuss the Milford Opportunities Project. Minister Potaka may outline his plans for using conservation IVL revenue to support the Government's response to the Milford Opportunities Project. You may also like to use this meeting to outline your plans for using the tourism portion of IVL revenue for your immediate Tourism Boost package and the Tourism Growth Roadmap.

The Tourism Growth Roadmap can be delivered through various packages but within a constrained IVL appropriation

4. The Tourism Growth Roadmap will look to continue and enhance the visitor growth established through your first phase of the Tourism Boost package. While the Tourism Boost package focused on immediate solutions in the next 90 days, the Tourism Growth Roadmap will also look towards the medium term at solutions which complement the short-term growth and begin to diversify our growth. It also presents an opportunity to signal the Government's interest in supporting the supply-side of the tourism economy, which will provide an enhanced visitor experience for the increased volume of visitors.

5. The IVL is available to support your priorities for the Tourism Growth Roadmap. We understand you are interested in allocating 75 per cent of available funds for 2025/26 to demand-side initiatives, and the remaining 25 per cent to supply-side initiatives. We have outlined this in the attached draft Cabinet paper as your priority for 2025/26 with your aim to shift this allocation over time as you work towards the double exports goal by the end of 2034.

6. There are a range of options for what initiatives can be delivered within these envelopes, however the total amount of funding available is constrained due to existing commitments and the Minister of Finance's decision to allocate a fixed annual appropriation as discretionary tourism spend from 2025/26 onwards.

There is $27.667 million of IVL revenue available for discretionary tourism expenditure in 2025/26

7. The Minister of Finance has signalled that $35 million of IVL revenue will be available each financial year from 2025/26 for investment into discretionary tourism projects. This funding is additional to the IVL funding already allocated to Ngā Haerenga New Zealand Cycle Trails ($8 million per annum) and Tourism New Zealand ($13.899 million per annum from 2026/27).

8. There are several existing projects which are already committed in 2025/26, reducing the available funding to $27.667 million. These precommitments would historically have been

committed in the year in which the decisions were made, however as a result of decisions made at Budget 2024, they now need to be committed in the year in which they are due to occur. We will provide you with further advice on this next week, including our proposed way forward in negotiating a different outcome with the Treasury.

9. In the meantime, you have a choice about reallocating some of the previously committed revenue should you wish to free up a small amount of additional revenue for your 2025/26 Investment Plan. Most precommitments are either subject to contractual obligations which would be complex to undo (i-SITE networks and Freedom Camping implementation), are strongly supported by the industry with any savings likely to be perceived negatively (Tourism Data Programme), or you have already decided to proceed with the activity (Regional Events Promotion Fund).

10. However, we recommend that you reallocate the $0.500 million pre-committed to the NCEA Programme of Learning for Tourism. The launch of this programme is awaiting implementation of the wider New Zealand Curriculum and NCEA change programme which is due to be complete by the beginning of 2027. This means the funds committed to this programme are unlikely to be drawn down in 2025/26. Instead, we recommend further consideration of this programme as part of the supply-side initiatives in future IVL Investment Plans.

Table One: Existing IVL commitments for 2025/26 and options for savings

Commitment	**Cost for 2025/26 ($million)**	**Comment**
Regional Events Promotion Fund	2.500	You have already decided to proceed with the second funding Round (BRIEFING-REQ-0007055).
Tourism Data Programme	1.949	We do not recommend savings.
i-SITE Network	1.200	We do not recommend savings.
Freedom Camping Implementation of Reforms	1.184	We do not recommend savings.
Investment in NCEA Programme of Learning for Tourism	0.500	We recommend reallocating the funding for this commitment.
Total	**7.333**	

11. If you agree to reallocate the funding for the NCEA Programme of Learning for Tourism, this will increase the available funding for your Tourism Growth Roadmap to $28.167 million for 2025/26.

Demand-side options for the Tourism Growth Roadmap in 2025/26

12. To support your continued priorities to boost tourism growth in the short-term, investments of IVL revenue into demand-side initiatives are a priority for 2025/26. With 75 per cent of available revenue allocated to demand-side, this equates to approximately $21.125 million for 2025/26 (assuming you agree to re-allocate funding from the NCEA Programme of Learning initiative).

13. We have outlined three scenarios for scaling this funding across initiatives which will support stimulation of tourism demand as well as complementing investments already made for 2024/25:

Table Two: scenarios for scaling funding of demand-side initiatives ($million)

	Scenario 1	Scenario 2	Scenario 3
International marketing	15.500	12.300	9.925
Business events	2.625	2.625	-
Major events	3.000	5.000	-
Commercial Information	-	1.200	1.200
Confidential advice to Government	-	-	10.000
Total	**21.125**	**21.125**	**21.125**

14. It is important to note that all scenarios carry significant trade-offs. None of the scenarios can deliver the level of international marketing which Tourism New Zealand (TNZ) has advised is needed to return visitor numbers back to 2019 levels in the short-term or to reach the double exports goal by 2034. This would require an investment of around $26.3 million in 2025/26 (as well as similar commitments in out years). All scenarios in Table Two achieve enhanced marketing activity in only the core markets, with some potential to include activity in India in Scenario One. This will impact the long-term growth potential in our emerging and mid-sized markets, particularly in relation to Southeast Asia which has significant long-term growth potential.

15. Commercial Information

16. The trade-offs within each scenario are discussed further below. If we are successful in recouping the pre-committed funds from the Treasury ($7.333 million), this would make a substantial difference to each scenario. With an additional $5.5 million available for demand-side initiatives, this could enable additional international marketing in our emerging markets for Scenarios One and Two, and the addition of investment into business events and major events for Scenario Three.

Scenario One: prioritises investment into international marketing

17. Scenario one prioritises investment into international marketing with a $15.5 million allocation to TNZ marketing. TNZ has advised that this would primarily enable an uplift in marketing activity in our core markets (Australia, United States and China) with $13.5 million allocated and generating around $202.5 million in additional visitor spend. In addition, $2 million would be used for a small uplift in India, generating around $22.0 million in additional visitor spend. It will not enable any enhanced marketing activity in other emerging markets (primarily Southeast Asia) or in mid-sized markets (such as Germany and the United Kingdom).

18. We have also proposed a small allocation of revenue to events in Scenario One to diversify the investment package. $2.625 million for business events will enable TNZ to bid for approximately 20 - 25 additional business events on top of the existing Conference Attraction Programme (which bids for around 90 events) with the possibility of a small allocation of the funds to subvention. A $3 million allocation to the Major Events Fund would allow potential to fund an additional one - two major events, with the funding ringfenced for events with high potential international visitation in the short-term Confidential advice to Government .

Scenario Two: prioritises diverse investment and investment into events

19. Scenario Two presents a diversified package of investment, including a focus on investment into events. Spreading investment across more initiatives trades-off the funding available for international marketing, which is the most impactful investment in terms of guaranteed return on visitation. With $12.3 million for international marketing, TNZ has advised that it would fund enhanced marketing activity in the **core markets only,** generating around $185 million of additional visitor spend.

20. A $2.625 million investment into business events would enable Tourism New Zealand to bid for approximately 20 - 25 additional business events with the possibility of some funding also available for subvention. A $5 million boost to the Major Events Fund would allow potential to fund an additional two - three major events, with the funding ringfenced for events with high potential international visitation in the short-term Confidential advice to Government .

21. Scenario Two has benefits in terms of diversification of investment. However, increased diversification also creates a risk of delivering less overall impact. This is particularly noticeable with reduced international marketing funding.

Scenario Three: Confidential advice to Government

22. Confidential advice to Government

23.

24.

Supply-side options for the Tourism Growth Roadmap in 2025/26

25. In addition to the demand-side initiatives, you have confirmed you are interested in allocating 25 per cent of available revenue to Tourism Growth Roadmap supply-side initiatives, particularly focused on infrastructure. This equates to $7.042 million, assuming you agree to reallocate the NCEA Programme of Learning funding.

Options for investment into mixed-use tourism infrastructure

26. Confidential advice to Government

27. For the 2025/26 Investment Plan, we have identified the following options for delivering $7.042 million to projects which support mixed-use tourism infrastructure, you can choose one or more options:

    a. Option One: conservation related visitor infrastructure projects.

    b. Option Two: Milford Opportunities Project short-term visitor infrastructure projects.

    c. Option Three: Ngā Haerenga New Zealand Cycle Trails infrastructure upgrades.

28. We have focused on mixed-use infrastructure which his broader than small-scale amenities-type infrastructure, such as car parks and toilets, as we understand this is not your priority for 2025/26. Further information on the range of options is outlined below:

Option One: conservation related visitor infrastructure projects

29. The Department of Conservation (DOC) has an extensive pipeline of infrastructure projects that require investment. A large portion of these projects relate to visitor infrastructure on public conservation land. We understand that the Minister of Conservation has proposed to allocate 40 per cent of conservation IVL revenue for 2025/26 to visitor related projects, with the remaining 60 per cent allocated to biodiversity projects. Many significant infrastructure projects are unable to be funded though due to constraints on conservation IVL revenue.

30. You could allocate the supply-side revenue for tourism to one or two significant conservation visitor infrastructure projects which are currently unfunded. Examples of projects which are highly relevant for tourism and in order of priority need from DOC, which could be jointly funded by the tourism and conservation allocations are:

    a. **Replacement of the Hooker Bridge No. 2 ($6.8 million):** Aoraki/Mount Cook National Park is New Zealand's most visited park, with Hooker Valley Track to Hooker Glacier Lake as its highlight. Access hinges on four bridges, with Bridge No. 2 needing urgent replacement due to erosion by the Hooker River. The new bridge is necessary for safe access and would last up to 50 years. The current bridge could be forced to close within months. Free and frank opinions

    b. **Franz Josef Glacier initial work ($1.8 million)**: The Franz Josef Glacier experience is the main attraction on the West Coast and faces significant challenges due to the glacier's retreat. The retreat is depositing large amounts of gravel into the Waiho River, raising the riverbed and impacting road access, visitor experiences and the history of early New Zealand tourism. Funding is needed for immediate rock protection works to secure road access to the current glacier experience ($1.8 million), and fixes over five years ($1.2 million). The funds would be a contribution to the New Zealand Transport Agency Waka Kotahi subsidy. Free and frank opinions

    c. **Upgrade of Oturere Hut, Tongariro Northern Circuit Great Walk ($4.6 million):** An upgrade of the facilities and additional capacity is required at Oturere hut and campsite

to meet the expectations of users and provide the capacity necessary for a more balanced visitor experience. Oturere Hut is over 50 years old. The hut and campsite are cramped during busy periods and do not have adequate space for cooking. [redacted] Free and frank opinions [redacted]

d. **Replacement of the McArthur swing bridge, St James cycle trail ($0.8 million):** The McArthur swing bridge is at the heart of the St James Cycle Trail circuit. Replacing the bridge that was damaged in the 2021 flood will enable re-establishment of the New Zealand Cycle Trail vision and potential for increased visitation. Free and frank [redacted]

e. **Access track for the Te Paki Sand Dunes experience ($0.6 million):** Visitors currently lack safe access from the newly installed carpark to the Te Paki Giant Sand Dunes. Ngāti Kuri and the Far North District Council have already invested in the project, installing carpark and toilets. A track is now needed to link the carpark to the dunes. The project aims to secure safe public access, enhance the visitor experience, and support iwi efforts in this space. Free and frank opinions [redacted]

31. You may wish to discuss the potential of jointly funding one or more of these projects through the tourism and conservation allocations of IVL revenue with the Minister of Conservation at your meeting on Monday, 17 February 2025.

Option two: Milford Opportunities Project short-term visitor infrastructure projects

32. Subject to Cabinet approval, it is expected that the Minister of Conservation, in consultation with you, will lead the development of the Government's response to the Milford Opportunities Project business case. For supply-side investment in your 2025/26 IVL Investment Plan, you could consider short term capital investments to enhance the visitor experience as part of the Milford Opportunities Project. DOC has set aside $7 million to deliver a capital works programme of visitor-related investment using IVL revenue. You could decide to allocate a similar level of funding from the tourism IVL revenue which would enable more projects to progress in the short-term.

33. Examples of currently unfunded DOC-led projects which could be progressed over the next 12 – 18 months, and which could amount to around $8.5 million include:

    a. visitor experience improvements and cultural projects, such as a Pou Whenua (carved wooden post signalling the boundary of an area) and Tauranga Waka landing, and improved visitor infrastructure along the Milford Corridor to incentivise short stops

    b. electricity/energy infrastructure upgrades

    c. upgrades to short walks along the Milford Corridor and around Te Anau, such as the Barren Peak Spur walk upgrade

    d. Freshwater Basin foreshore and traffic management improvements.

34. The specific details and costs of each of these activities will need to be scoped further if you decide to prioritise supply-side funding for this option.

Option Three: infrastructure upgrades to New Zealand Cycle Trails

35. The third option for supply-side investment is funding significant infrastructure projects within the Ngā Haerenga New Zealand Cycle Trails network. There are two packages of infrastructure upgrades which are currently unable to be funded through the existing cycle trails appropriation due to constraints on the appropriation. You could decide to allocate IVL revenue for 2025/26 to one or more of these infrastructure projects:

    a. **Southern Lakes Trails Network ($6 million):** Additional funding is required to close the 12-kilometre gap on this popular Great Ride and to add a bridge over the Clutha River. Currently cycle trail users riding the full trail must take a jet boat ride to complete the full trail. This has limited the total number of users heading down the trail and onto the adjoining Clutha Gold Trail. Closing the gap will attract more riders onto the trail and into the region for cycle tourism. In addition, the bridge over the Clutha River is a key piece of infrastructure to connect the trail linking Wānaka to Cromwell. [redacted] Free and frank opinions [redacted]

    b. **West Coast Wilderness Trail ($2.5 million):** Replacement of the historic wooden railway bridge on the West Coast Wilderness Trail and reconnecting Ross as the southern terminus of trail. The bridge was closed in 2024 due to safety concerns, meaning that the township of Ross is missing out as the end of the Great Ride. [redacted] Free and frank opinions [redacted]

We also recommend further investment into the Tourism Data Programme

36. In addition to investment into infrastructure, we recommend further investment in 2025/26 into the Tourism Data Programme. $1.949 million is currently committed to the data programme through pre-existing commitments related to the Tourism Data Leadership Group. We recommend that an additional $0.500 million be allocated to this programme to support delivery of data products in the short-term. The tourism sector has strongly advocated for improved data and insights over time to ensure more-informed decision-making in the tourism sector. Investment into the data programme will enable impactful investment into high value products.

Next steps

37. Following your feedback on the package of options across the demand- and supply-side, we will update the draft Cabinet paper to present your preferred package. We will also seek your agreement through a separate briefing to the specific allocation of 2025/26 IVL revenue and prepare any advice to Joint IVL Ministers should any decisions reach the threshold for joint Ministerial approval (over $10 million). Given the significant trade offs in the scenarios, you may also wish to discuss these options with the Minister of Finance before finalising your investment plan.

Annexes

Annex One: Draft Cabinet Paper: Tourism Growth Roadmap and 2025/26 International Visitor Conservation and Tourism Levy Investment Plan

Annex One: Draft Cabinet paper: Tourism Growth Roadmap and 2025/26 International Visitor Conservation and Tourism Levy Investment Plan

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