



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HIKINA WHAKATUTUKI

South Island Portfolio - Fortnightly Report

Fortnight ending:	9 June 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	REQ-0014903

Recipient	Action sought
Hon James Meager Minister for the South Island	Note the contents of this report.

Ministers' and Ministers' office comments

1. Portfolio Update

<p>1.1 Portfolio priorities</p> <p>Cory Hagenars, South Island Lead Advisor, Strategy, Planning and Performance, Kānoa – Regional Economic Development & Investment Unit (Kānoa)</p>	<p>Direct Support for the South Island - Budget 2025</p> <p>Following the release of Budget 2025, the Government has outlined a range of initiatives that directly support South Island priorities. Key announcements are noted below.</p> <p><i>Investment in Hospital Infrastructure</i></p> <p>The Government has announced a \$1.0 billion investment to upgrade hospital infrastructure across New Zealand. This package includes a major redevelopment of Nelson Hospital, delivering significant benefits for the upper South Island and reinforcing the Government’s commitment to regional healthcare equity.</p> <p>Nelson will receive a new 128-bed inpatient building—an increase of 41 beds over current capacity—to meet growing demand in the region. This includes:</p> <ul style="list-style-type: none"> • Two existing hospital buildings that will be refurbished and seismically strengthened. • A new Energy Centre to house critical infrastructure. • \$73.0 million in design and enabling works which are already underway. • An \$11.0 million emergency department expansion which is expected to be completed by early 2026. • Full redevelopment is expected by 2029—two years ahead of schedule. <p>This investment will improve access to modern, high-quality healthcare for communities across Nelson, Tasman, Marlborough, and the wider upper South Island.</p> <p>The Government will also deliver at least three 32-bed modular, transportable inpatient units to support care during major infrastructure projects. These units may be deployed to South Island locations to maintain service continuity during future upgrades.</p> <p>The Budget further funds small-scale infrastructure upgrades and urgent remediation projects across the country. South Island hospitals may benefit from this flexible funding to address critical issues such as heating, electrical systems, and water infrastructure.</p> <p>Source: https://www.beehive.govt.nz/release/billion-dollar-investment-hospitals</p> <p><i>School Property Growth Plan – Canterbury</i></p> <p>The Government has announced a \$161.0 million investment to expand school infrastructure across Canterbury in response to rapid population growth. This initiative will deliver nearly 2,500 new student places through a mix of new schools, classroom expansions, and site acquisitions.</p> <p>Key investments include:</p> <ul style="list-style-type: none"> • \$108.0 million in Selwyn to fund a new school, 52 additional classrooms across existing schools, and land for future development. • \$53.0 million across wider Canterbury to fund a new primary school, and 51 new classrooms across existing schools. <p>Projects span multiple communities including Lincoln, Rolleston, Prebbleton, Christchurch, and Mid-Canterbury. The programme leverages standardised designs and offsite manufacturing to reduce costs and accelerate delivery. This will achieve a 28 per cent</p>
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	<p>reduction in average classroom costs and enable 30 per cent more classrooms to be built compared to the previous year.</p> <p>Source: https://www.beehive.govt.nz/release/161-million-school-property-growth-plan-canterbury</p> <p><i>Christchurch Men’s Prison Funding</i></p> <p>The Government has announced a significant investment in prison infrastructure and staffing through Budget 2025, reinforcing its commitment to public safety and effective rehabilitation.</p> <p>This investment allocates \$472.0 million over four years to the Department of Corrections (Corrections) to support the growing prison population and ensure Corrections can continue to operate safely and securely. Key investments include:</p> <ul style="list-style-type: none">• 580 new frontline staff, including 368 Corrections Officers, building on the 685 roles funded in Budget 2024.• A major redevelopment of Christchurch Men’s Prison, delivering:<ul style="list-style-type: none">• 240 new high-security beds.• A new Health Centre.• A 52-bed Intervention and Support Unit for prisoners with acute mental health needs. <p>The new facilities will be delivered under a public-private partnership (PPP) model for design, construction, financing, and maintenance over 25 years, while Corrections retains operational control.</p> <p>This latest announcement builds on the Government’s earlier commitment in March 2025, which outlined the first phase of the Christchurch Men’s Prison redevelopment.</p> <p>Sources: https://www.beehive.govt.nz/release/more-staff-better-prisons-keep-public-safe</p> <p>National Initiatives Supporting the South Island - Budget 2025</p> <p>The Government has announced a series of national-level initiatives through Budget 2025 that will deliver benefits to the South Island. Key announcements are noted below.</p> <p><i>Investment Boost tax incentive</i></p> <p>The Government has announced a new “Investment Boost” tax incentive. Businesses can now immediately deduct 20 per cent of the cost of new capital assets, in addition to standard depreciation. This will impact South Island businesses by reducing the upfront cost of investment, which will help to free up capital and allow businesses to grow.</p> <p>For example, under the Investment Boost if a builder purchases a new piece of equipment for \$80,000 they can immediately deduct \$16,000 from the taxable income this financial year, while still depreciating the remaining \$64,000 over time.</p> <p>Source: https://www.beehive.govt.nz/release/investment-boost-tax-incentive-takes-effect-immediately</p> <p><i>Defence Force Announcements within Budget 25</i></p>
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	<p>The Government announced significant investments in the New Zealand Defence Force (Defence) through Budget 2025, aimed at strengthening national security and infrastructure, and supporting Defence personnel. The funding is part of a broader, multi-year plan to modernise Defence capabilities and infrastructure.</p> <p>The total Defence investment announced in Budget 2025 is approximately \$4.2 billion, comprising:</p> <ul style="list-style-type: none"> • \$2.7 billion in capital funding for priority projects under the Defence Capability Plan. • \$563.0 million in operating funding to support these initiatives. • \$957.0 million in previously announced Defence-related funding, including personnel and estate upgrades. <p>This funding will support the replacement of key assets such as the Boeing 757 aircraft and Seasprite maritime helicopters, as well as upgrades to missile systems, encrypted communications, and counter-drone technologies. It also includes investment in Defence housing, infrastructure, and digital systems, with planning underway for future upgrades at the Devonport Naval Base in Auckland.</p> <p>In addition to capability improvements, Budget 2025 includes:</p> <ul style="list-style-type: none"> • \$660.0 million to enhance Defence readiness across air, sea, land, and cyberspace. • Investment in recruitment, retention, and training to support Defence personnel. • A focus on local industry participation, with opportunities for New Zealand businesses to contribute to Defence procurement and innovation. <p>While no specific South Island Defence base upgrades were announced, the broader investment may have regional benefits. Facilities such as Burnham Military Camp may see increased staffing and operational activity, contributing to local employment and economic activity.</p> <p>Sources: https://www.beehive.govt.nz/speech/minister-finance-budget-2025-speech National security brings economic benefits Beehive.govt.nz</p> <p><i>Boosting Rural Sector Growth and Resilience</i></p> <p>The Government has announced rural sector investments in Budget 2025 aimed at lifting productivity, resilience, and profitability across New Zealand’s food and fibre industries. These measures are designed to drive export growth and strengthen the rural economy, which are vital to the South Island.</p> <p>Key announcements include:</p> <ul style="list-style-type: none"> • \$246.0 million for a new Primary Sector Growth Fund targeted at supporting market-led projects to improve returns at the farm and forest gate. This will help producers to innovate, expand and compete internationally. • \$36.0 million over four years for catchment groups, targeted at supporting local land and water management initiatives. This will enable farmers to adapt sustainably while maintaining productivity. • \$2.0 million over four years for rural wellbeing support, for a contestable fund dedicated to rural wellbeing programmes, plus an additional \$1.0 million to bolster Rural Support Trusts and related organisations. <p>Source: https://www.beehive.govt.nz/release/growing-productive-resilient-rural-sector</p> <p><i>Screen Production Rebate – Opportunities for the South Island</i></p>
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	<p>The Government has announced a \$577.0 million increase to the International Screen Production Rebate, bringing the total investment to \$1.09 billion. This initiative is designed to attract large-scale international film and television productions to New Zealand, supporting jobs, regional economies, and the country’s global screen industry profile.</p> <p>While the announcement is national in scope, the South Island is well-positioned to benefit due to its established reputation as a premier filming destination and its growing production infrastructure. Key opportunities for the South Island include:</p> <ul style="list-style-type: none">• Queenstown and Otago: These regions are already recognised as screen production hubs, with world-class scenery and a skilled local workforce. Increased international investment is expected to drive further job creation and business growth.• Canterbury: With Christchurch emerging as a centre for digital and creative industries, the rebate may support expansion of local production facilities and training programmes.• Tourism and regional branding: Productions filmed in the South Island often generate global tourism interest, reinforcing the region’s international profile and supporting local economies. <p>The rebate offers a 20 per cent baseline for qualifying productions, with an additional five per cent available for projects that meet specific economic and industry development criteria. Recent international productions filmed in New Zealand include Minecraft: The Movie and Klara and the Sun.</p> <p>Source: https://www.beehive.govt.nz/release/577-million-support-film-and-tv-production</p> <p>The Regional Events Promotional Fund (REPF) is a \$5.000 million initiative that is aimed at boosting domestic tourism by supporting regional event promotions over two years. The fund focuses on encouraging regional dispersal and increasing visitor spend, particularly outside peak summer season. Information on Round 1 of the REPF was provided to you previously (fortnightly report REQ-0013485 refers).</p> <p>On 29 May 2025, the Minister for Tourism and Hospitality announced the successful applicants for Round 2. The REPF allocated \$2.652 million to 152 events nationwide, and notable South Island funded events include:</p> <ul style="list-style-type: none">• \$50,000 to 2026 Hokitika Wildfoods Festival.• \$40,000 to 2026 New Zealand Masters Games.• \$30,000 to The Dunedin Craft Beer and Food Festival.• \$30,000 to Tussock Country – NZ Country Music Festival 2026.• \$39,750 to Gallagher Insurance Challenge Wanaka Festival of Triathlon 2026.• \$50,000 to Warbirds Over Wanaka International Airshow.• \$38,250 to Spirited Women 2026.• \$30,000 to Adam Chamber Music Festival. <p>Source: https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-funding/regional-events-promotion-fund/round-2-funding-recipients</p>
<p>1.2 General updates</p> <p>Cory Hagenaaars, South Island Lead Advisor</p>	<p>Use of Artificial Intelligence (AI) within the Ministry of Business, Innovation and Employment (MBIE)</p> <p>MBIE has moved from proof of concept to full implementation of Microsoft Copilot 365 across the organisation. This AI-powered tool, integrated with Microsoft Office applications,</p>

The announcement follows the Minister for Tourism and Hospitality’s approval of a \$5.9 million MEF investment across three years, which extends the hosting rights in Taupō through to 2028, and supports the delivery of the Taupō and Christchurch events each year.

Event dates for 2026 are yet to be confirmed. NZME officials will continue to provide you with updates via your fortnightly report.

Dunedin event interests

Obligation of confidence, Commercial Information, Free and frank opinions

[Redacted]

[Redacted]

Commercial Information

[Redacted]

[Redacted]

NZME will continue to work with Dunedin to identify events that will generate regional outcomes along with national benefits in line with MEF criteria.

Negotiations

[Redacted]

1.4 Key messages/statistics and figures

Privacy of natural persons

Lead Domain Analyst, Data Service Delivery, Data, Insights and Intelligence, Corporate and Digital Shared Services

Tourism sector update

The Tourism Domain within MBIE has released the April 2025 Accommodation Data Programme (ADP) data. The results show that the proportion of total guest nights in the South Island remained the same as last year. Guest nights is a cumulative number of nights spent by short-term guests. It is equivalent to one guest spending one night in a property.

- The proportion of total guest nights in New Zealand that were spent in the South Island was unchanged at 42 per cent, for the year ending April 2025 when compared to last year.
- Total guest nights in the South Island dropped by 1.4 per cent to \$16.5 million, for the year ending April 2025 when compared to last year.
- Among the regions, Otago had the largest number of guest nights (\$6.2 million) for the year ending April 2025, though this was a drop from last year (1.5 per cent).
- Only Canterbury recorded an increase of 0.6 per cent to \$5.8 million guest nights for the year ending April 2025. While Marlborough had the biggest drop of 6.4 per cent to 668,000 guest nights.

Source: <https://teic.mbie.govt.nz/teiccategories/datareleases/adp/>

Economic data update

The latest quarterly retail trade data has been released by Statistics New Zealand. The South Island's relative economic resilience is once again reflected in retail activity for the March 2025 quarter. Seasonally adjusted retail sales values in the South Island increased 2.7 per cent from the previous quarter to \$7.6 billion. This was above the national growth of 1.5 per cent as well as the North Island's growth of 1.7 per cent.

Regional retail sales values also generally increased at a higher rate across the South Island than the North Island. The West Coast had the highest quarterly growth across New Zealand at 5.7 per cent, while Marlborough and Tasman were the only South Island regions with flat growth this quarter at 0.1 per cent and 0.3 per cent growth respectively. Canterbury's retail sales values grew by 2.4 per cent while Otago's grew 3.2 per cent from the previous quarter. In comparison, Wellington had the highest quarterly growth in the North Island at 2.5 per cent, while Auckland grew by 1.9 per cent.

The latest building consents data also continued to show the same relative resilience in the South Island construction sector. Total new dwelling consents issued in the South Island for the year ended April 2025 increased 3.8 per cent from the year ended April 2024, while North Island consents declined by 8.8 per cent over the same period. Queenstown-Lakes District consents was up 63.3 per cent, though Christchurch City activity may be slowing with a 5.9 per cent drop from April 2024.

Source: <https://www.stats.govt.nz/information-releases/retail-trade-survey-march-2025-quarter/>

<https://www.stats.govt.nz/information-releases/building-consents-issued-april-2025/>

1.5 Department of Internal Affairs

There are no new updates from the Department of Internal Affairs.

2. Hon. James Meager - Upcoming Ministerial Items – Minister for the South Island

2.1 Upcoming Meetings, Events and Ministerial Visits

Event details	Event	Event Details
10/06/2025	Attending the Queenstown Business Chamber of Commerce 'Westpac Smarts Seminar' (Queenstown)	<p>You will be attending a seminar with the Queenstown Business Chamber of Commerce (QBCC) on Tuesday 10 June, from noon to 1.30pm in Queenstown.</p> <p>The QBCC is a not-for-profit membership association with over 1,800 members representing nearly 620 businesses. The QBCC supports Queenstown businesses to grow and succeed sustainably and profitably. They enable growth through advocacy work, facilitating networking opportunities and providing training, advice, information and support to businesses.</p> <p>The purpose of the Seminar is to bring together yourself and Queenstown business leaders to engage on the current business environment, and your South Island portfolio.</p> <p>A briefing has been provided to your office (briefing REQ-0014196 refers).</p>
11/06/2025	Meet with representatives of Destination Queenstown and business leaders (Queenstown)	<p>You will be attending a meeting with representatives from Destination Queenstown and other Queenstown business leaders from 10.00am to 11.00am.</p> <p>Destination Queenstown is the Regional Tourism Organisation for Queenstown, responsible for the branding and promotion of Queenstown as a visitor destination. The purpose of the meeting is to discuss the initiatives highlighted in the Otago Central Lakes City and Regional Deal proposal:</p> <ul style="list-style-type: none">• Confidential advice to Government [REDACTED]■ [REDACTED]■ [REDACTED]■ [REDACTED] <p>A briefing has been provided to your office (briefing REQ-0015306 refers).</p>

2.2 Upcoming Briefings and Aides Memoire

Due to MO	Tracking Number	Product
16/06/2025	REQ-0015563	Fast-track Approvals Act: Comments on Maitahi Project application
16/06/2025	REQ-0014351	Proactive release of South Island portfolio event briefings

2.3 Ministerial correspondence received

New items are indicated in red.

Due date	Tracking number	Requester	Summary of request
13/06/2025	JMC-366	Privacy of natural persons (Member of the Public)	Writes in relation to more funding for roads in the top of the South Island area following the recent Budget announcements.
16/06/2025	JMC-363	Privacy of natural persons (Fast Track Team, Environmental Protection Authority)	Writes in relation to a comment on the Maathai Village FastTrack application.

2.4 Official Information Act requests received

There are no new Official information Act requests.

2.5 Meeting advice requested

There are no outstanding Meeting advice requests.

