

Briefing: Budget 2025 additional information for baseline savings programme

To	Minister of Conservation	Date submitted	31 January 2025
Action sought	Agree to provide the attached material to Minister Seymour	Priority	Very High
Reference	25-B-0028	DocCM	DOC-7869453
Security Level	Budget Sensitive	Timeframe	3 February 2025
Risk Assessment	High Further cuts to Vote Conservation would significantly impact conservation outcomes		
Attachments	Attachment A – DOC funding since 2017 Attachment B – Vote Conservation current breakdown		

Contacts	
Name and position	Phone
Mike Tully, Deputy Director-General Organisation Support	9(2)(a)
Nick Mayo, Chief Financial Officer	9(2)(a)

Purpose – Te aronga

- To seek your agreement to provide the attached material to the Associate Minister of Finance, Minister Seymour, to inform the Budget 2025 Baseline Savings Programme.

Background and context – Te horopaki

- At your meeting with Minister Seymour on 29 January 2025, he requested DOC provide information to inform the Budget 2025 Baselines Savings Programme to Minister Seymour and the Treasury by Monday 3 February 2025 (25-B-0012 refers).
- We are seeking your agreement to submit the following material:
 - Attachment A – DOC Funding since 2017 - Overall funding narrative, summary of appropriations since 2016/17, and FTE growth 2017/18-2028/29;

- Attachment B - Vote conservation current breakdown - Baseline summary showing key outputs and impacts.

Next steps – Ngā tāwhaitanga

4. Once the material is provided to the Treasury, they will assess it and provide advice to Minister Seymour. Minister Seymour may then ask DOC to submit savings initiatives for consideration at Budget. Those submissions will be due to the Treasury on 13 February 2025.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Agree to forward the attached material to Minister Seymour	Yes / No
b)	Note DOC will provide the material to the Treasury	Noted



Date: 31/1/25

Mike Tully
Deputy Director-General, Organisation
Support

Date: / /

Hon Tama Potaka
Minister of Conservation

ENDS

Attachment A - DOC funding since 2017

Overall funding narrative:

DOC plays a significant role in New Zealand's economy. As one of the country's most valuable assets, nature is essential to economic prosperity and serves as a critical safeguard against climate change. It supports key industries, including tourism and other major export sectors such as agriculture, horticulture and forestry, while delivering \$10.9 billion in ecosystem services on Public Conservation Land (PCL). Additionally, activities conducted on DOC land contribute \$3.4 billion annually to GDP, further reinforcing its economic impact.

Under Budget 2024, DOC's baseline was reduced by \$40.2 million, with an additional \$84.9 million in cost pressures to be absorbed by 2028/29. This represents an effective 17% reduction in baseline funding. DOC's baseline (in 'real' / inflation adjusted terms) will be 2.4% higher in 2028/29 than it was in 2017, however, this slightly increased baseline is now delivering a broader range of activities, including:

- Expanded predator control programs.
- An expanded visitor network, including the addition of two new Great Walks.
- An increased number of international visitors.
- An increased number of weather-related events to respond to (e.g. Cyclone Gabrielle).
- New responsibilities, such as treaty settlements, the Hunting & Fishing portfolio, and
- Management of inherited assets like the Chateau, Ruapehu ski fields, and the MetService building.

In addition, grants of up to \$24 million per annum, which are critical to delivering core conservation services, are currently under review in Budget 2025.

The premise of the baseline reviews has been based on growth in operational funding since 2017. However, it is important to note that DOC's starting baseline was already underfunded. DOC is funded roughly 15% of the budget required to undertake its biodiversity responsibilities. In addition, DOC is approximately \$30 million short of the operating funding and \$45 million short of the capital funding required to manage the current scale of the visitor network, which has resulted in infrastructure debt and if not addressed could lead to potential longer-term health and safety risks in our visitor network.

To date, baseline reductions have focused on improving operational efficiency and reducing back-office support costs. Any further cuts would require further reducing DOC's frontline conservation services, directly impacting conservation outcomes. These include:

- Further reductions in visitor infrastructure and services
- Scaling back pest and weed control efforts
- Further neglect of heritage site maintenance.

While the baseline review to date has focused on operational funding, DOC faces significant long-term capital affordability challenges. These challenges will lead to a deteriorating and reduced asset base, impacting the foundation for delivering conservation services. The constraints on capital funding further intensify pressure on the operating baseline and should also be carefully considered when considering further reductions to operating baseline to ensure sustainable conservation outcomes.

In addition, DOC is undergoing significant reform which involves the development of a commercial strategy to maximise current and explore new revenue streams to enhance financial sustainability and ensure a more self-sufficient baseline in the future. DOC is also delivering the Government's Revenue Action Plan for conservation. To support DOC in its drive to be more commercial, an Independent Advisory Group has been established with external representation from Craig Stobbo, Bryan Chapple and Dan Marshall.

Appropriation Summary:

	Actuals								Appropriated				
Departmental \$000	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Conservation with the Community	29,016	33,630	39,355	42,472	41,135	39,956	38,903	44,315	52,627	44,025	43,371	43,090	43,090
Contribution to Regional Pest Management	2,887	3,054	2,995	2,701	2,732	2,547	2,223	2,731	2,484	2,563	2,563	2,563	2,563
Historic Heritage	5,458	5,472	7,365	6,486	6,275	7,698	7,782	12,460	17,639	17,762	17,763	17,763	17,763
Natural Heritage	194,190	178,130	196,561	240,700	288,678	326,935	285,437	308,241	342,983	327,094	327,353	327,599	327,599
Recreational Opportunities	148,410	155,529	168,693	178,650	184,559	184,775	192,268	224,157	231,157	220,452	221,049	221,596	221,596
Policy Advice	2,732	2,088	2,015	2,238	3,302	5,652	7,950	9,059	9,456	8,679	8,680	8,680	8,680
Statutory Planning, Services to Ministers	5,238	5,925	8,730	9,309	9,897	11,159	10,979	10,972	15,703	15,567	13,299	13,299	13,299
Search and Rescue Activities PLA	-	-	-	-	69	150	533	732	691	66	66	66	66
Jobs for Nature (MYA Expense)	-	-	-	-	-	-	61,666	74,115	31,372	8,500	-	-	-
Departmental Output Expense - Actuals	387,931	383,828	425,714	482,556	536,647	578,872	607,741	686,782	704,112	644,708	634,144	634,656	634,656

	Actuals								Appropriated				
Non-Departmental \$000	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Community Conservation Funds	2,605	4,436	4,315	4,575	5,665	18,520	6,710	3,604	34,199	4,909	4,909	4,909	4,909
MCA Nga Whenua Rahui	4,522	4,892	6,614	5,197	6,726	6,689	8,033	5,756	11,414	6,914	6,914	6,914	6,914
MCA Nature Heritage Fund	1,094	1,288	1,133	697	101	933	37	68	6,155	1,303	1,303	1,303	1,303
Other Output Expenses	6,783	4,870	4,319	4,873	5,473	5,686	4,383	4,391	8,924	4,429	4,407	4,407	4,407
Annual Appropriations: Other Expenses	16,632	7,115	1,801	8,154	17,664	12,464	44,461	39,615	33,582	5,159	5,290	5,290	5,290
Annual Appropriations: Capital Expenditure	183	1,323	1,003	709	8,077	1,607	29,349	24,764	20,460	2,800	2,800	2,800	2,800
Jobs for Nature MYA	-	-	-	-	-	-	31,848	40,582	18,748	850	-	-	-
Mount Ruapehu Ski Fields Infrastructure MYA	-	-	-	-	-	-	-	399	1,200	3,500	3,401	-	-
Predator Free New Zealand	-	-	-	-	22,343	23,703	17,544	7,073	10,653	5,914	5,914	5,914	5,914
Total Non-Departmental Expenses - Actuals	31,819	23,924	19,185	24,205	66,049	69,602	142,365	126,252	145,335	35,778	34,938	31,537	31,537

When reviewing the Appropriation breakdown across years, note the explanation for growth in the following specific areas:

Policy growth

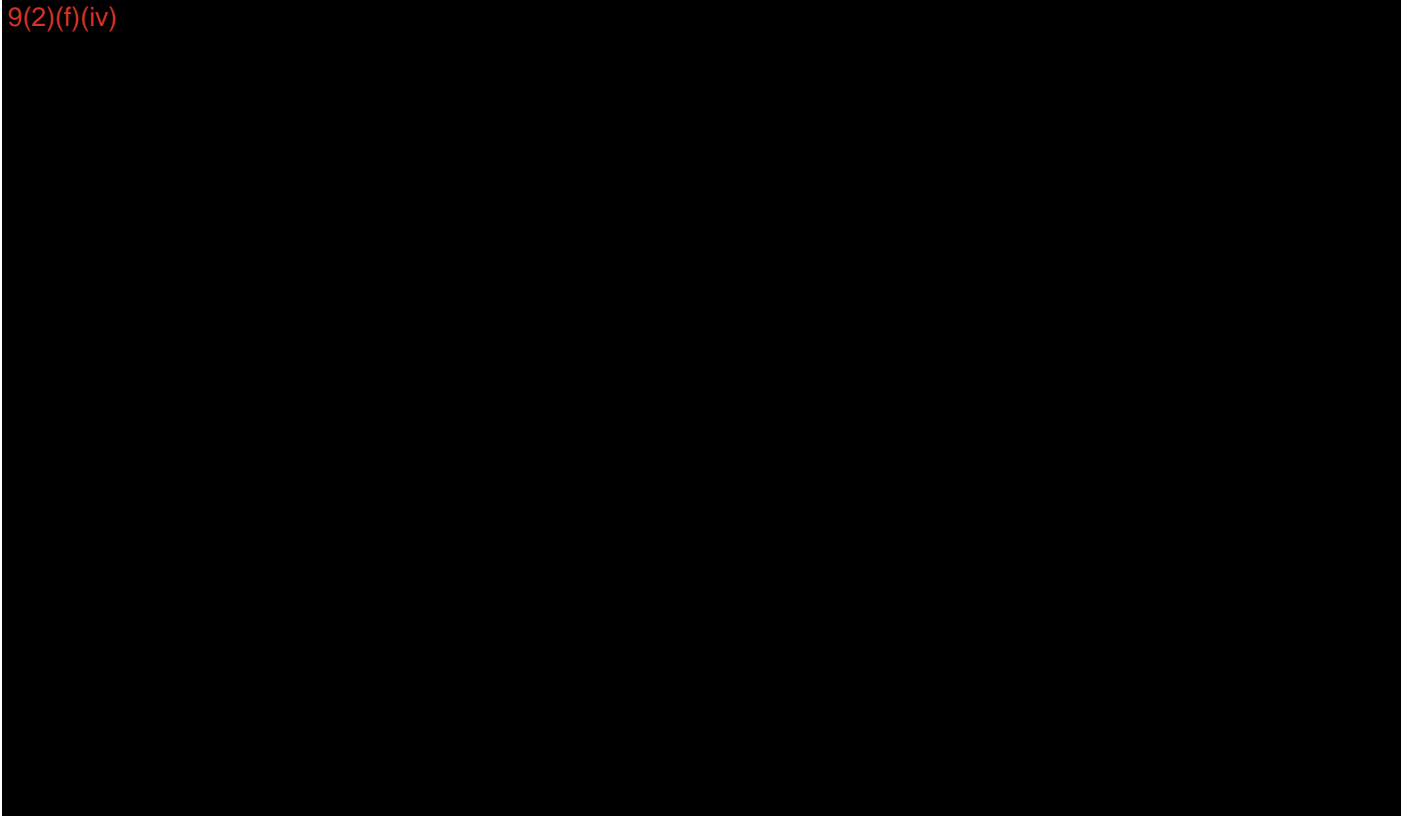
- As of 30 June 2018, DOC's policy function was limited to three teams focused on Marine Policy, Tourism and Economic Policy, and Land and Freshwater Policy. By 30 June 2024, growth reflects the increased workload across:
 - Policy Reform Programmes: Charging for Access to Public Conservation Land (PCL), Streamlining Concessions and Planning Processes, Modernising Conservation Land Management.
 - Government's Revenue Action Plan for Conservation
 - Regulatory Systems: Enhancing regulatory frameworks and operations.
 - Biodiversity Systems: Hauraki Gulf, South-East Marine Protection, Kermadecs.
 - Hunting, Fishing, and Economic Development.
 - Fast-Track Bill Implementation Support.
 - Input into other agencies policy programmes e.g. biodiversity credits and afforestation of Crown land
 - International Visitor Conservation and Tourism Levy policy
- DOC's policy function remains small by comparison to other agencies. For example:
 - MBIE's Tourism and Hospitality policy unit: \$8.1 million
 - MBIE's Energy policy unit: \$14.6 million
 - MBIE's Economic Development policy unit: \$20.6 million
 - Ministry of Housing and Urban Development: \$33.5 million (includes performance monitoring)
 - Land Information NZ: \$2.5 million
- 9(2)(f)(iv)

Community Conservation Fund

- The annual appropriation for the Community Conservation Fund is \$4.9 million per annum. \$4.6 million of this is for the Community Conservation fund with the remaining \$0.3 million for the Predator Free Trust
- Most community funding agreements span multiple financial years – funding gets transferred across financial years to reflect timing of payments. This causes variances in expenditure between financial years
- Increased expenditure in 2020/21, 2021/22 and 2022/23 was driven by additional funding provided for the Community Conservation Fund from the Jobs for Nature Budget 2020 initiative – expenditure was captured in this appropriation until the Jobs for Nature Multi-Year appropriation was set up to capture all Jobs for Nature expenditure
- The \$29m increase in appropriation from \$5m to \$34m in 2024/25 is time limited and reflects:
 - \$15m of expense transfers from 2023/24 to 2024/25 for the Community Conservation Fund – both due to reflect timing of expenditure, and due to implementation delays owing to private landowner/community group involvement in projects and unfavourable weather events impacting seasonal planting and pest management cycles
 - \$14m of bequest funding received to carry out predator control in the Hawke's Bay. This will be paid out to a trust and is unrelated to the Community Conservation fund.

FTE Growth: 2017/18 to 2028/29




9(2)(f)(iv)



Between 2017/18 and 2028/29, DOC's FTE workforce is projected to grow by 7%. This increase will be largely offset by a reduction in non-personnel spend, and the driver of the FTE growth is to support the expanded scope of activities undertaken since 2017, including:

- Expansion of predator control programs.
- Growth of the visitor network, including the addition of two new Great Walks.
- An increase in international visitor numbers.
- A rise in weather-related events requiring response efforts (e.g. fires, floods, slips).
- New responsibilities such as treaty settlements, the Hunting & Fishing portfolio, and the management of inherited assets, including the Chateau, Ruapehu ski fields, and the MetService building.

9(2)(f)(iv)



However, DOC does not plan to reduce FTE in the following key areas, in the short term, due to their critical importance:

- Frontline: Maintaining frontline FTE is essential to ensuring DOC can continue to deliver visitor assets and ecosystem management in support of the Government's planned tourism growth.
- Policy: Policy FTE will play a crucial role in the upcoming legislative reform programme, which aims to enable greater revenue generation and improve regulatory efficiency —a key priority for the Minister and Government.
- Regulatory functions: Regulatory FTE will be necessary to improve the efficiency of concession processing, increase concession revenue, and meet Fast Track targets.

DOC acknowledges the current challenge regarding the size of regulatory service functions across the sector and will be addressing this longer-term through technology and once the legislative change is complete. This will result in greater cost recovery, improved customer experience and greater organisational efficiency.

When reviewing FTE positions, it is essential to consider both the number of FTEs ("volume") and their associated salaries ("price"). DOC offers relatively lower remuneration compared to other government agencies, with 95% of salaries below \$150,000. Additionally, the average salary at DOC is 5% lower than the public sector average.

	30 June 2024 Data	
Salary Band	FTE	%
< \$75k	785.9	31.0%
\$75k - \$100k	903.6	35.7%
\$100k - \$150k	708.7	28.0%
\$150k - \$200k	83.6	3.3%
\$200k - \$250k	29	1.1%
\$250k +	22	0.9%
TOTAL	2,532.70	100.0%

94.7%

Average Salary

Mean	\$ 96,847	
Public Sector mean	\$ 101,700	

-5%

Source: Public Service Commission website

Attachment B – Vote Conservation current breakdown

The baseline outlined below represents DOC's current operating baseline as of OBU 2024, with fully allocated costs categorised by Output Class, which includes a \$40.2 million reduction through Budget 2024. Departmental expenditure is set to reduce from \$704m to \$644m in financial year 2025/26.

9(2)(f)(iv)

In addition, DOC’s baseline is subject to a potential reduction of up to \$24 million per annum via the pending Grants and Funds Budget 2025 review

*Note: these are appropriations that are impacted by the pending Grants/Funds review

As per
OBU

DEPARTMENTAL budget 2024/25704.1

Natural Heritage343.0

Key outputs:

Impact:

* Nature is core to NZ’s society and economy. It underpins our export and tourism industries and provides \$10.9bn in ecosystem services on PCL. DOC’s role is to protect and restore this natural capital. At present, NZ has the highest proportion of threatened native species in the world. Of 15,308 species assessed, 1,115 (7%) are threatened with extinction, and a further 3,255 (21%) are at risk. Without DOC intervention, a far higher number of species would be at risk or extinct.			
Ecosystem Protection	92.7	Delivers protection of a range of New Zealand’s ecosystems to a healthy and functioning state and ensures rare and threatened ecosystems are not lost. Outputs include: - representative ecosystems with improved or stable ecological integrity - rare and threatened ecosystems with improved or stable ecological integrity - healthy landscapes and seascapes with improved or stable ecological integrity - Improved knowledge needed for effective management	Improved ecosystem health across New Zealand, resulting in prevention of ecosystem collapse and improved ecosystems services.
Species Persistence	95.1	Delivers: - Number of threatened species managed for their long-term persistence - Number of iconic species managed at key sites - Number of island sites protected through effective biosecurity and threat management - Improved knowledge needed for effective management	Increase in number of threatened species saved from extinction.
Landscape Integrity	18.4	Managing and restoring our iconic landscapes to a healthy state. - Number of landscapes and seascapes with improved or stable ecological integrity - Number of plans that improved knowledge needed for effective management	Thriving landscapes.
Taonga and Iconic Species	11.9	Number of nationally iconic and Taonga species managed to ensure their populations are maintained or restored (e.g. kiwi, kea, Kākāpō)	Prevention of irreversible loss of taonga and iconic species that are important to New Zealand's identity and attractive to visitors.

Managing Site Specific Threats	50.2	Management of specific pressures/threats across New Zealand. - Number of nationally co-ordinated sites where stoats, rats and possums are adequately controlled - Number of nationally co-ordinated sites where weeds and pathogens are adequately controlled - Number of nationally co-ordinated sites where abiotic threats (e.g. murtle rust or kauri dieback) are adequately controlled - Number of district or regional-scale sites where threats (e.g. freshwater pest fish) are adequately controlled - Number of nationally co-ordinated sites where small animal pests (e.g. hedgehogs and mice) are adequately controlled - Number of nationally co-ordinated sites where wild animals (e.g. deer and goats) are adequately controlled - Number of regional pest management plans where target pests (e.g. possums and stoats) are adequately controlled - Number of plans that improved knowledge needed for effective management	Ensuring that critical habitats, ecosystems and species through management of key pressures.
Land and Water Obligations	74.8	Undertaking a range of land management obligations - Number of internationally recognised biodiversity sites (e.g. RAMSAR wetlands) with improved or stable ecological integrity - Number of sites where nature-based solutions improved carbon storage	Ensuring the land and waters we are responsible for are well managed, and aligned with our statutory and non-statutory agreements with others.

Historic Heritage	17.6	Key outputs:	Impact:
* DOC is responsible for the largest heritage portfolio in New Zealand. This includes approximately 15,000 cultural heritage sites across public conservation land. Only 4% of DOC’s heritage portfolio is actively managed, and only 1% (150 sites) are known to be in stable or good condition, while the 99% of sites are either unknown or deteriorating. Around 75% of New Zealanders visit a heritage site each year.			
Historic Heritage	17.6	The expenditure is used to protect and maintain about 600 historic heritage assets on Public Conservation Land. It delivers protection to only 4% of DOC’s heritage portfolio. This includes iconic visitor sites likely Godley Head and Mansion House, Kawau Island. It also includes places of historical significance like Ruapekpeka Pa, Arrowtown Chinese Settlement and the Pike River Mine site.	Prevention of irreversible loss for important historic and cultural heritage destinations. Enables tourists to engage with New Zealand’s unique heritage.

Recreational Opportunities	231.2		
Public Conservation Land plays a central role in recreation and tourism in New Zealand. DOC is New Zealand’s largest provider of visitor activities, including walking, tramping, biking, hunting and fishing, camping and sightseeing. Delivering quality visitor experiences and enabling tourism businesses to operate on conservation land supports strong regional economies. Around half of New Zealanders visit conservation land once a month and 50% of international visitors visit a National Park while in New Zealand. DOC has a significant funding shortfall for its existing visitor network and is exploring opportunities through the Future Visitor Network programme to focus on the most important experiences to address this shortfall.			
More visitors to Icon and Gateway destinations	111.3	Delivers tourism and recreation experiences at the sites with highest visitor volumes. This includes iconic tourist sites like Aoraki Mt Cook, Franz Josef, Cathedral Cove, Tongariro Alpine Crossing and the range of experiences DOC delivers like Great Walks, Short Walks, Day Hikes, Great Rides etc.	Delivers a significant number of high-quality visitor destinations for international and domestic tourism.
Locally Treasured Destinations and Backcountry Experiences	74.5	Delivers recreation experiences near local communities, like campsites and short walks near towns and cities, and DOC’s backcountry network, which is highly valued by trampers, hunters and for international visitors along Te Araroa Trail.	Delivers a wide range of experiences for international tourists and recreationalists in communities and the backcountry.

Accessing Public Conservation Land	45.4	This delivers DOC's visitor support services, including visitor concessions system, visitor centres, call centre and booking systems, visitor safety initiatives, visitor planning, product and commercial expertise.	Enables business to operate on conservation land, ensures visitors are safe and have access to the information they need.
------------------------------------	------	---	---

Conservation & Community**52.6**

*

DOC works with communities across the country to deliver conservation in partnership. This appropriation is intended to achieve the engagement of more people with conservation and increase their understanding of the benefits conservation provides, and to achieve conservation gains from building partnerships with others. Many Treaty Settlements include agreements for iwi to work with DOC on conservation management which is also funded through this appropriation.

Conservation Identity/Values	15.6	<ul style="list-style-type: none"> - Delivering frontline conservation work with communities - Training iwi, councils, community groups, businesses, and individuals so they can undertake conservation activities - Providing information to the public to increase interest and communicate challenges and opportunities for conservation 	Conservation becoming core to New Zealanders' identity, values and thinking.
Conservation Actively Achieved by Others	14.3	<ul style="list-style-type: none"> - Working with third parties to contribute to conservation activities or complete other tasks in aid of conservation, e.g. research - Engaging businesses, philanthropists, and other groups to increase funding for conservation 	More conservation activity achieved by others including commercial partners, volunteers and tangata whenua.
Treaty Settlement Implementation	22.7	The implementation of 79 Treaty Settlements.	Enhancement of the conservation of NZ's natural and cultural heritage and promotion of partnership through co-governance and co-management.

Policy Advice

DOC provides policy advice to the Minister of Conservation and the Minister of Hunting and Fishing. The current legislative programme includes Modernising Conservation Land Management and Exploring Access Charging to some areas of Public Conservation land.	9.5	Delivering the Government's policy work programme including: - Modernising conservation land management - Exploring charging for access to public conservation land - Hauraki Gulf marine protection Bill - Supporting Fast Track Reforms - Herds of Special Interest - Fish and Game improvements	Reducing funding would require stopping work on parts of the Government's policy programme.
--	-----	--	---

Statutory planning and Ministerial servicing

This funding includes servicing Minister e.g. responding to OIAs, Ministerial correspondence and parliamentary questions. It also funds the conservation planning system which is the subject of proposed legislative change.	15.7	Expenditure is limited to statutory planning and the provision of services to Ministers (other than policy decision making responsibilities) and statutory bodies to enable them to discharge their portfolio and responsibilities.	Maintenance of effective governance, regulatory compliance, and public trust in DOC's conservation efforts.
---	------	---	---

Regional Pest Management

This funding achieves the weed and animal pest outcomes arising from good neighbour and regional pest management plan negotiations.	2.5	For the delivery of services to control weed and animal pests on lands administered by the Department of Conservation to meet statutory good neighbour obligations and negotiated outcomes of regional pest management plans.	Allows DOC to fulfil good neighbour obligations, including minimising the impact of pests on the environmental and agricultural values of properties neighbouring PCL.
---	-----	---	--

Search and Rescue

This funds DOC's search and rescue activities including the permeant team based in Aoraki/Mt Cook	0.7	The delivery of search and rescue activities and services as authorised under Section 9(1) of the Land Transport Management Act 2003.	Better public safety, encouraging more people to engage in outdoor activities with the confidence that help is available if needed.
---	-----	---	---

Jobs For Nature (MYA)

Time limited funded to create nature-based employment to revitalise communities and stimulate the economy post COVID-19	31.4	DOC has over 200 contracts with third parties to deliver Jobs for Nature initiatives. This funding ends in 2025/26.	The Jobs for Nature programme employed almost 7,000 people, improved the economies of rural communities and delivered significant environmental restoration.
NON-DEPARTMENTAL budget 2024/25	145.3	Key outputs:	Impact:
Annual Appropriations: Output Expenses	60.7		
* Community Conservation Funds	34.2	Supports community-led projects that protect & restore ecosystems & species on public & private land. Last funding round of \$9.2m leveraged an additional \$7.2 in co-funding and 120,000 volunteer hours. Demand is high (current round has 298 applications for \$135m in funds).	Improved biodiversity protection and community engagement that builds a sense of stewardship and responsibility towards the environment.
* MCA Ngā Whenua Rāhi	11.4	Facilitates protection of indigenous biodiversity on Māori-owned land and makes a significant contribution to DOC's Treaty obligations. Has supported the protection of approximately 185,000 hectares of Māori land since 1991 through 302 formal agreements.	Protection of indigenous ecosystems, preservation of traditional Māori knowledge relating to land management, empowerment of Māori landowners to manage land in ways that align with their values and traditions.
* MCA Nature Heritage Fund	6.2	Protects biodiversity via direct purchasing or covenanting. Has brought 1.3% of NZ under stronger protection for less than \$200m since 1990.	The fund has protected over 349,000 ha of indigenous ecosystems, including forests, wetlands, tussock lands, and coastal areas. This helps preserve a wide range of native species and habitats.
Other Output Expenses	8.9	Funding for: - the protection of indigenous ecosystems in Māori ownership (implementation of the South Island Landless Natives Act settlement and redress). - Queen Elizabeth II Trust which protects biodiversity and heritage on more than 180,000 ha of private land through over 5,000 covenants. - Providing public access to properties with historical or natural significance	Long term protection of biodiversity on private land, improved community involvement in conservation.
* Annual Appropriations: Other Expenses	33.6	Funding for: - non-cash expense loss on disposal of Crown Property Plant and Equipment - vesting of reserves - payment of rates.	Ability to meet accounting standards, ability to transfer management and control of reserves from the Crown to local authorities and councils.
Annual Appropriations: Capital Expenditure	20.5	Funding to purchase and develop land with significant natural, historical or recreational value and for the development of assets that will be owned by third-parties.	Improved biodiversity conservation and economic benefits to rural communities provided through recreational assets.
Non-Annual Output Expenses	30.6		
Jobs for Nature MYA	18.7	DOC has over 200 contracts with third-parties to deliver Jobs for Nature initiatives. Funding for this programme ends in 2025/16.	The Jobs for Nature programme employed almost 7,000 people, improved the economies of rural communities and delivered significant environmental restoration.
Mount Ruapehu Ski Fields Infrastructure MYA	1.2	Funding is for management and removal of ski field infrastructure on Mount Ruapehu, and subsequent restoration of the environment.	Removal of redundant infrastructure will restore the natural landscape of Mt Ruapehu and will respect the cultural significance of the mountain.
Predator Free New Zealand - MYA 2	10.7	Funding supports the delivery of activities aimed at controlling and eradicating mammalian pests in New Zealand by 2050, and funds scientific research and the development of new technologies for predator control.	Increase in number of key populations of threatened species saved from extinction, through targeted pressure management.

Briefing: Baseline Savings Programme – proposed approach

To	Minister of Conservation	Date submitted	19 February 2025
Action sought	Agree to proposed approach for Baseline Savings Programme submission	Priority	Very High
Reference	25-B-0052	DocCM	DOC-7881824
Security Level	In Confidence - Budget Sensitive	Timeframe	20 February 2025
Risk Assessment	High Further cuts to Vote Conservation would significantly impact conservation outcomes and Government priorities		
Attachments	Attachment A – Draft letter to Minister Seymour Attachment B – Response to Minister Seymour's questions Attachment C – Summary of savings initiatives		

Contacts	
Name and position	Phone
Mike Tully, Deputy Director-General, Organisation Support	9(2)(a)
Nick Mayo, Chief Financial Officer	9(2)(a)

Purpose – Te aronga

1. To seek your agreement to our proposed approach to responding to Minister Seymour's invitation to submit savings initiatives, as part of the Baseline Savings Programme in Budget 2025.

Background and context – Te horopaki

2. Minister Seymour, as Associate Minister of Finance, is leading a targeted Baseline Savings Programme as part of Budget 2025. You met with him on 29 January 2025 to discuss the programme (25-B-0012 refers). At the meeting, you both agreed that the Department of Conservation (**DOC**) needed to provide further information on its baseline growth since 2016/17, this is set out below.
3. Following this meeting we provided information to the Treasury and Minister Seymour (25-B-0028 refers) on DOC's appropriations since 2016/17, FTE growth 2017/18-2028/29, and key output areas and impacts.

BUDGET SENSITIVE

4. On Monday 17 February 2025, you received a letter from Minister Seymour inviting you to submit several savings initiatives based on the Treasury's and Minister Seymour's assessment of the information we provided.
5. Minister Seymour has not asked for a specific quantum of savings from DOC. However, in his letter, he highlighted that he is seeking to find an additional \$500 million of saving per annum from the ten portfolios included in the programme. He also noted that unless justified by specific policy objectives, he considers it appropriate to return DOC's expenditure to 2016/17 levels.
6. Minister Seymour has requested that you write to him summarising your proposed savings package, and that DOC submit savings templates for the requested initiatives to the Treasury, on Friday 21 February 2025. The Treasury confirmed that DOC can 'group' some of the requested savings initiatives into single savings templates as we consider appropriate, which we have done.
7. Minister Seymour intends to submit a package of baseline savings initiatives to Budget Ministers in March 2025, which will then be considered by Budget Ministers as part of the wider Budget 2025 process.

Treasury and DOC used different methodologies to calculate baseline growth

8. The Treasury calculated DOC's baseline growth at 39 per cent. By DOC's calculation a more accurate figure for real growth is 2.4 per cent. Our analysis indicates that Treasury's approach does not fairly represent the conservation baseline increase over this period due to the following key factors:
 - **Inconsistent basis of comparison:** Our approach aligns with standard Budget processes and previous baseline reviews by comparing budget-to-budget figures. The Treasury, however, has used actuals from 2017/18 as the starting point, rather than the approved budget, which are an unsuitable reference point due to approved expense transfers. In addition, the Treasury's methodology adopts a 'discretionary' view of baseline that again does not reflect the total conservation baseline.
 - **Overstatement of the 2028/29 baseline:** Treasury's methodology averages the budgets for 2025/26 to 2028/29 to determine the 2028/29 baseline. This fails to reflect that the conservation baseline is set to decline from 2025/26 to 2028/29.
 - **Differing inflationary adjustments:** Treasury has applied a CPI uplift of 8 per cent from 2025/26 to 2028/29. We have however accounted for the full range of cost pressures (wage increases, CPI, asset revaluation pressures, and Treaty settlement costs amounting to \$85 million per year or 13 per cent of baseline by 2028/29).

We are seeking your agreement on the savings package you want to submit in response to Minister Seymour's invitation

We recommend you provide Minister Seymour and Budget Ministers with critical context on DOC's overall baseline

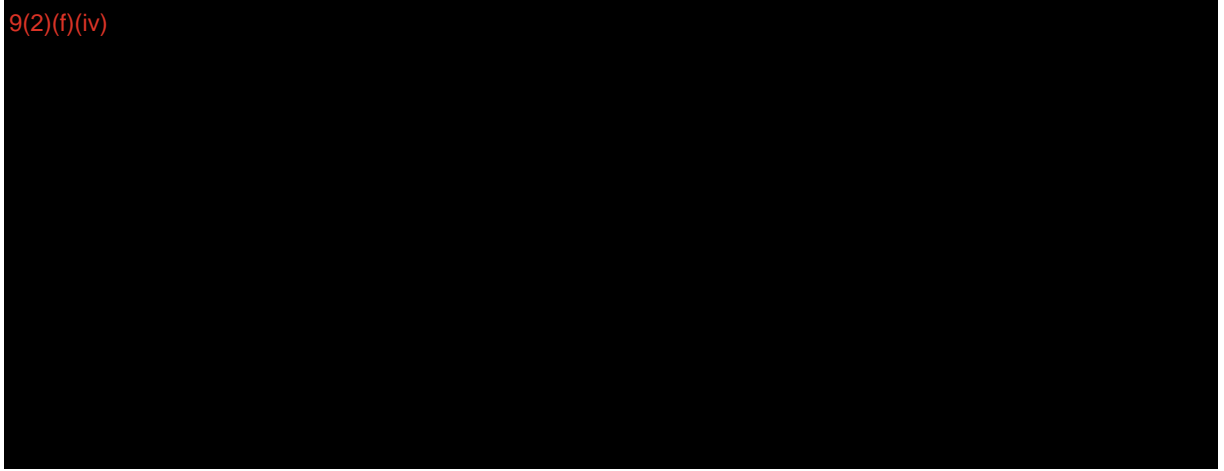
9. We have drafted a letter in response to Minister Seymour request (**Attachment A**), which includes the following key points:
 - By DOC's calculations our baseline has increased by \$14 million or 2.4 per cent in real terms since 2017, not the 39 per cent identified by the Treasury.
 - The comparison to 2017 also assumes DOC was adequately funded in 2017, but this was not the case.
 - Even at 2025 levels, DOC is only able to fully manage 150 out of 4370 threatened species, manage 1 per cent of heritage sites to a 'good

BUDGET SENSITIVE

condition' and adequately fund 70 per cent of the visitor network. We deliver 15 per cent of the biodiversity outcomes we are responsible for and only do pest control on 20 per cent of public conservation land.

- Additional functions and investment for specific new initiatives (for example, for expanding predator control) have been added to DOC in the intervening years, with an impact on our baseline.
- Demand and costs have increased, such as weather-related costs on infrastructure and species, and regulatory costs as the country's largest landowner.
- DOC's Performance Plan includes savings of \$85 million per annum by 2028/29 (12.8 per cent of the operating baseline for conservation) to meet cost pressures over the forecast period. Cost pressures include inflationary pressure on operating costs and wages, increased depreciation from asset revaluation, Treaty settlement costs, and inherited assets such as Chateau Tongariro.

9(2)(f)(iv)



- The nature of DOC's activities means we are subject to uncertain costs each year. For example, extreme weather events such as cyclones can damage DOC infrastructure and harm biodiversity. DOC also faces costs tackling wildfires on public conservation land, around \$2 million this financial year.
10. Further baseline savings will have a significant impact on DOC's outputs and ability to deliver on its core functions.

We recommend responding to the 'conditions' that Minister Seymour set out in his invitation

11. Minister Seymour expects savings initiatives to reflect options to meet the conditions specified in his letter. For example, this includes explaining underutilised spending, underlying drivers for activities, and growth in expenditure.
12. The draft letter to Minister Seymour sets out responses to Minister Seymour's invitation and specific questions (**Attachment B**). We suggest you also forward this letter to the Minister of Finance for her information.
13. DOC's recent underspends reflect the operational realities we contend with, such as weather dependent biodiversity work and supply chain issues outside of DOC's control. In addition, we are making finance and operational improvements to reduce underspends in future.
14. There are also clear reasons and benefits for DOC's activities in the areas identified for possible savings, and why some areas have grown in recent years (e.g. responding to an increase in the volume of policy work, tackling more maintenance of visitor infrastructure, and getting on top of deer and goats).

BUDGET SENSITIVE

15. As noted above, DOC has already developed a draft Performance Plan which comprehensively sets out how DOC will live within its nominal baseline, including by reducing lowest impact activities. It is DOC's view that this draft plan should have formed the basis for further savings discussions.
16. It is also important to note that DOC is an operational agency, and our cost drivers are largely related to operational demands - running a large network of land and visitor infrastructure. Unlike most other agencies, we have few programmes that were established with policy parameters set by Ministers that can be simply scaled. There are no significant policy-related non-departmental appropriations for Cabinet to reconsider.
17. The costs for DOC are largely a function of the scale of our responsibilities for land, water and species, the overall model for delivery, and the regulatory systems within which management of these is constrained (including wider systems such as the resource management system, health and safety, and heritage laws).
18. Improving the conservation regulatory environment is a priority for the Government to improve both efficiency and outcomes, starting with the changes you are working on to the Conservation Act 1987. These cannot, at this stage, be brought forward and will not deliver bankable Vote savings in the near term.

We recommend that you focus your submission on three savings options and do not provide any further savings from the remaining initiatives

19. Minister Seymour has invited you to submit initiatives across 15 areas of the organisation, which cover 66 per cent of DOC's funding.
20. In the short timeframe provided, we have quickly reviewed the invited areas for potential savings, taking into account:
 - potential impact on outcomes and risks
 - where savings were already made in Budget 2024
 - where reductions are planned to manage cost pressures as part of the draft Performance Plan
 - where there is more discretion in carrying out work, based on our statutory obligations and the risks of regulatory failure.
21. We have set out in Attachment C our proposed savings package in response to Minister Seymour's invitation. We have identified three options for savings, where we think the impacts and risks can be more easily managed, although with trade-offs. This includes:
 - disestablishing Predator Free 2050 Ltd (\$3.6 million per annum) - **recommended**
 - closure of the Crown Land Acquisition appropriation (\$1 million per annum) - **recommended**.
 - reducing DOC's policy function (\$1.2 million per annum) - feasible, but not recommended in the near term. Doing this now has substantial implications for your agreed priorities with Cabinet.
22. We are proposing that you do not provide a savings option for the other invited initiatives because of the significant impact it would have on conservation outcomes, high risk of regulatory failure, and/or their inclusion in the draft Performance Plan, the Grants and Funds Review, or previous savings exercises.

BUDGET SENSITIVE

23. **This approach may not be seen as in line with Minister Seymour's request** and could create a risk that Budget Ministers determine where further savings are required without your and/or DOC's input. Providing a fuller response letter with your submission will help to mitigate this risk by providing the context and rationale for this decision.
24. **We are seeking your agreement to this approach by midday Thursday, 20 February 2025.** This will allow us to finalise your response letter and templates for submission to the Treasury by Friday, 21 February 2025.
25. As outlined in our previous advice to you, if you wish to go further in offering savings options, we will outline potential reductions to our outputs and responsibilities to bring them back to pre-2017/18 levels:
 - reduce maintenance of heritage sites by 75 per cent
 - reduce the size of the visitor network by 50 per cent (30 per cent currently unfunded plus loss of 20 per cent uplift received since 2017)
 - stopping the National Predator Control Programme and reducing wilding pine control.

Risks, implications, and consultation

26. **Attachments B and C** sets out the specific risks associated with making savings in each invited initiative. This includes reputational, legal, and relationship risks, as well as impacts on conservation outcomes and the Government's ability to progress its policy work programme.
27. As noted above, the approach we are proposing may not be seen as being in line with Seymour's request to submit savings options for all the initiatives he has invited.
28. As our previous advice has highlighted (25-B-0028 refers), DOC is facing significant funding challenges and conservation outcomes are declining. If further savings are required, beyond the three options included in **Attachment C**, it will likely impact:
 - DOC's frontline conservation services, directly impacting conservation outcomes. This includes a further reduction in visitor infrastructure and services, scaling back pest and weed control efforts, and further neglect of heritage site maintenance.
 - DOC's regulatory services and performance, with flow-on impacts for the industries accessing PCL such as tourism, conservation outcomes and Crown risks.

Next steps – Ngā tāwhaitanga

29. Once you have agreed to our proposed savings package, we will develop detailed budget templates as set out in Attachment C to submit to the Treasury on Friday, 21 February 2025.
30. We request your feedback on the draft letter by 20 February 2025 and will then send you a final version of the letter to send to Minister Seymour on 21 February 2025, with the attachments.
31. Once submitted, the savings options will be considered by Budget Ministers in March 2025 as part of the Budget process.
32. Treasury has informed us that there is unlikely to be a further budget bilateral discussion between you and Minister Seymour on this exercise. There will be budget bilateral discussions organised between the Minister of Finance and some portfolio ministers, but the timing and portfolio are to be determined. This meeting would be a good opportunity to raise any concerns you have with this process and the savings being requested.

BUDGET SENSITIVE

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Agree to the draft letter (Attachment A) responding to Minister Seymour's request, and provide any feedback to officials	Yes / No
b)	Agree to attach Attachment B to your letter, which responds to Minister Seymour's questions	Yes / No
c)	Agree to the savings package set out in Attachment C and to include it as an attachment to your letter	Yes / No
d)	Agree to copy your response to the Minister of Finance	Yes / No



Date: 19/02/2025

Mike Tully
**Deputy Director-General,
Organisation Support**

Date: / /

Hon Tama Potaka
Minister of Conservation

ENDS



Hon David Seymour
Associate Minister of Finance

Tēnā koe David

Thank you for your letter dated 17 February 2025 in which you invited me to submit savings initiatives for the Baseline Savings Programme. I acknowledge the challenging fiscal context and appreciate your efforts to ensure a sustained focus on fiscal sustainability across the Government.

I have worked with my officials to prepare the Vote Conservation submission for the Baseline Savings Programme, which is outlined in this letter.

Growth in Vote Conservation since 2017

While the Conservation baseline has grown since 2017, in real terms and accounting for inflation, it has only grown by \$14 million per annum or 2.4 per cent. Even at 2025 levels, the Department of Conservation (DOC) only has the resources to manage 15 per cent of its biodiversity responsibilities, 4 per cent of heritage sites and adequately fund 70 per cent of the visitor network, alongside its broader management responsibilities for one third of New Zealand's land area and most of its tourism drawcards

DOC's core role is looking after biodiversity, cultural heritage, and connecting visitors to a world-renowned conservation system. The budget increases since 2017 have recognised that DOC has not been adequately funded to do core work. Additional funding has focused on predator control, protection of threatened ecosystems, freshwater and marine protection, and predator free islands. Budget 2022 funding addressed the backlog in visitor asset maintenance, collective coordination of Predator Free 2050 delivery, and remediation of contaminated sites. With these uplifts, DOC has made significant gains in threatened species rehabilitation, established new Great Walks, and suppressed predators across 20 per cent of the country.

In addition to these uplifts, DOC has funded non-discretionary Treaty of Waitangi settlement implementation costs, responded to extreme weather event damage, established the Hunting and Fishing Portfolio, and supported the Fast-Track consent process as it is central to the implementation of the new process.

Despite limited baseline uplifts, by 2028/29 DOC will have to reduce activities by \$85 million per annum (12.8 per cent of the baseline) to absorb cost pressures over the forecast period. Addressing wage, inflationary, depreciation, and asset liabilities will essentially revert DOC back to 2017 levels of outputs. In addition, the ongoing Budget process to make savings of up to \$24 million per annum from grants and funds will impact conservation outcomes, given DOC uses these 'grants' to fund core conservation services.

The existing biodiversity budget only enables DOC to do 15 per cent of what's needed to look after New Zealand's native species, habitats and ecosystems. This means that their current work is treading water in preventing irreversible loss of species and ecosystems, with effort being prioritised to ensure the worst losses are stabilised. This means many species and ecosystems will continue to decline and be at risk of extinction.

Significant investment is required to ensure all native species and ecosystems are improving (\$695 million per year). Achieving an outcome of nature thriving in most places would cost over \$1.8 billion per annum (80 per cent of outcomes). To deliver all outcomes would cost roughly \$2.3 billion per annum.

Given the focus on economic growth and the importance of tourism, I am ensuring DOC are maximising their current investment in biodiversity in the highest value biodiversity and visitor work and increasing revenue to support additional work.

Baseline Savings Programme

Nevertheless, I have investigated savings opportunities in all of the areas you have identified, taking into account the potential impact on outcomes and risks, where savings were already made in Budget 2024, and where reductions are already planned to manage costs pressures as part of DOC's comprehensive Performance Plan. I have included answers to your specific questions and conditions in Attachment A. For example, there are good reasons for DOC's recent underspends, that reflect the operational nature of a department that is significantly weather dependent and faces supply chain issues outside of its control.

The 15 areas you have identified equate to 66 per cent of the conservation baseline, are central to achieving quality outputs and outcomes with limited funding and will be impacted by reprioritisation savings to manage cost pressures over the forecast period. With that in mind, I am submitting three savings initiatives for the Baseline Savings Programme:

- Disestablishing Predator Free 2050 Ltd (\$3.6 million per annum) – Recommended.
- Closure of the Crown Land Acquisition appropriation (\$1 million per annum capital funding) – Recommended.
- Reducing DOC's Policy function (\$1.2 million per annum.) – Not recommended.

While these savings initiatives involve some trade-offs, the risks and impacts can be managed more easily than in other areas of the portfolio. These savings proposals are set out in more detail in Attachment B. I have included the option to reduce DOC's policy function given your focus on its growth in your letter. However, making this saving will limit DOC's capacity to provide responsive advice to Ministers on the evolving needs of the Government across the Conservation and Hunting and Fishing work programmes, risk delivery of the conservation law reform we are aiming to pass this term and will also reduce DOC's capacity to represent New Zealand's interests internationally and support international negotiations of treaties and Conventions.

Impact of further savings

The reason I am not proposing additional savings is due to the significant impact further savings would have on conservation outcomes, high risk of regulatory failure, and their inclusion in the Performance Plan savings, the Grants and Funds review or previous savings exercises.

While DOC has achieved significant improvements in ecosystem protection, species protection, and pest and predator control with time-limited or budget uplifts since 2017, the current baseline funding still does not come close to the estimated \$2.3 billion per annum estimated to cost to fully protect and restore ecosystems to an ideal state. Ecosystems on conservation land provide wide ranging benefits to the economy, estimated by the New Zealand Institute of Economic Research to be \$10.9 billion per annum; DOC plays an important role in protecting and supporting the economy through ecosystem protection.

The public conservation land visitor network is central to delivering on Government growth targets for tourism and the economy. DOC is already about \$30 million (or 30 per cent) short of the operational expenditure and \$45 million (50 per cent) short of the capital expenditure required to manage the current scale of the visitor network each year. Work is already underway to ensure the visitor network is at a scale that is manageable in the future, given the available budgets. Inflationary costs and frequent weather damage are increasing pressure and DOC's ability to manage the visitor network. If the Government introduced greater access charging this will help to fill shortfall but will not provide for savings.

I am overseeing a major regulatory modernisation programme in the conservation portfolio. This is a multi-year programme, and once reformed legislation and new technology are agreed to and are in place, expect there to be both efficiencies and more effective user-pays/cost recovery. However, this is already built into the Performance Plan, and savings are not possible in relation to concessions processing and management in the meantime, as we have to both develop and implement the change programme (including a new legislative framework) and reduce the large backlog of applications by June 2026, while dealing with growth of new applications and the new Fast-Track Approvals Act 2024 regime.

I look forward to continuing to work with you throughout the Budget process.

Mauriora

Hon Tama Potaka
Minister of Conservation

cc Hon Nicola Willis, Minister of Finance

Attachment B – Response to Minister Seymour’s Questions

Invited initiative	What it delivers	9(2)(f)(iv)	Conditions (Questions from Minister Seymour’s letter)	DOC response to questions	Impact of further savings	Proposed savings	
Natural Heritage – Ecosystem Protection 2024/25 \$92.7m 2025/26 TBC	DOC manages a range of representative ecosystems to a healthy and functioning state. Without DOC’s intervention, rare and threatened ecosystems would be lost. Maintaining a diverse range of ecosystems has benefits for biodiversity but also provides ecosystem services such as clean water, fertile soils, flood control, and recreational/tourism opportunities.		In your submission, please also: <ul style="list-style-type: none">• Include an explanation of the drivers for historic underutilised funding and whether or not these drivers are expected to persist into the future, and identify potential efficiency savings where there are historic patterns of underutilised funding.• Include proposals to consolidate/scale programmes across predator and pest management and evaluate associated impacts on Government commitments to Predator Free 2050.	The average difference between the supplementary estimates and the actual expenditure for the Natural Heritage appropriation over the past five years has been \$20.7m (6.7% of appropriation). \$2.4m of this is from under achieving non-Crown revenue, this is a paper only underspend, the revenue never materialised. The remaining average underspends of \$18.3m have been offset by approved IPETs for the reasons set out below.	While DOC has achieved significant improvements in ecosystem protection, species protection, and pest and predator control with budget uplifts since 2017, the current baseline funding still does not come close to meeting the scale and increasing pressure on conservation and biodiversity. Currently, DOC only has funding to manage: <ul style="list-style-type: none">• 3.5% of our critically endangered and threatened species.• Rats, stoats and possums on a sustained, rotational basis at nationally prioritised sites on 20% of public conservation land (around 1.8 million hectares).	\$3.6m – see savings initiative 1	
Natural Heritage – Species Persistence 2024/25 \$95.1m 2025/26 TBC	DOC fully manages 157 threatened species to prevent their extinction. This is 3.5% of total threatened species.			DOC’s biodiversity funding is predominately spent on operational delivery out on the field. This means that DOC is subject to a range of potential constraints including: <ul style="list-style-type: none">• There not being appropriate weather windows before the end of the financial year to carry out work such as aerial 1080 drops (e.g. conditions suitable for flying helicopters plus ensuring it’s relatively dry in the days following the 1080 drops);• Supply chain issues (outside of DOC control) impacting DOC’s ability to undertake the work (e.g. not enough 1080 pellets in the country).• Environmental variability (e.g. species programmes like transfers and seed collection may not be possible if there is a poor breeding season and it needs to be delayed to another year; events such as unexpected mast events mean DOC would need the funding at a later date).	Reducing work in the Natural Heritage work programme would result in a decline of species and ecosystem health, which would either be irreversible or cost significantly more to reinstate. The ecosystems, landscapes and native species that DOC prioritises for management all play an important role in providing ecosystem services such as clean water, fertile soils, flood control, and recreational/tourism opportunities.		
Natural Heritage – Landscape Integrity 2024/25 \$18.4m 2025/26 TBC	DOC manages and restores a range of New Zealand’s iconic landscapes to a healthy state.			DOC is already actively managing and mitigating these risks but it’s an operational reality that some level of underspend is likely to continue. Moving this funding into the next financial year enables DOC to undertake the delivery work in the next available opportunity. If DOC loses this funding, it will impact ecosystem and species health. DOC has submitted an initiative to consolidate Predator Free 2050 organisations, which discusses in more detail the impact this could have on Government’s commitment to Predator Free 2050.	Ecosystems on conservation land provide wider benefits to the economy, including erosion control, waste treatment, nutrient recycling, and carbon sequestration. Research (NZIER) values the benefits from these ecosystem services on public conservation land (PCL) at \$10.9bn p.a.		
Natural Heritage – Taonga and Iconic Species 2024/25 \$11.9m 2025/26 TBC	This funds the protection of nationally iconic and Taonga species (e.g. kiwi, kea, Kākāpō)						
Natural Heritage – Managing Site Specific Threats 2024/25 \$50.2m 2025/26 TBC	Management of specific pressures/threats across New Zealand. For example, treating: <ul style="list-style-type: none">• 1 million ha for rats and mustelids• 67 thousand ha for possums• 105 thousand ha for weeds• 142 thousand ha for deer• 1.25 million ha of land for goats• 83 thousand ha for wilding conifers						
Natural Heritage – Land and Water Obligations 2024/25 \$74.8m 2025/26 TBC	DOC manages over 30% of all land in New Zealand. This appropriation focuses on enabling DOC to deliver on its responsibilities as a land manager, including statutory obligations. It is small given the total size of the land DOC manages and the types of obligations DOC delivers. It includes DOC’s wildfire responsibilities, fencing obligations, regulatory compliance, and remediation of 1700 contaminated sites.	In your submission, please also include an explanation of the underlying drivers for activities funded in this work area and whether there are feasible choices for Ministers to scale involvement/actions accordingly.	Drivers for work in this category include fire management responsibilities, fencing obligations, engagement in RMA processes, regulatory compliance, enforcing trade in endangered species legislation and marine protection planning, and remediation of contaminated sites.	Reducing funding will limit DOC’s ability to deliver on these key land management responsibilities and statutory obligations, and they are identified as areas where DOC needs to do more not less, and where there is a high risk of regulatory failure. For example, farmers and others continue to stress the need for more fencing activity rather than less, DOC has already made savings in relation to the contaminated sites programme, and there is a demonstrated need for increased	\$0		

BUDGET SENSITIVE

Invited initiative	What it delivers	9(2)(f)(iv)	Conditions (Questions from Minister Seymour’s letter)	DOC response to questions	Impact of further savings	Proposed savings
					<p>monitoring and compliance activity for permissions and concessions. Additional money was provided by the Government in Budget 2022 to ensure that DOC can meet the requirements of the Trade in Endangered Species Act and cuts would now mean that function would fail.</p> <p>DOC already absorbs firefighting costs each year from this appropriation. It is not possible to predict these costs in advance. They are determined by the number, size, duration and impact of wildfire events that start on public conservation land. These yearly costs are expected to continue to increase in coming years. For the current year they total \$2m.</p>	
Historic Heritage 2024/25 \$17.6m 2025/26 \$17.8m	<p>DOC is responsible for the largest heritage portfolio in the country. There are approximately 15,000 known cultural heritage sites across PCLW. This includes archaeological sites, historic structures and buildings, wāhi tapu and cultural landscapes.</p> <p>With existing budget, DOC manages only 4% of the 15,000 sites, with only a quarter of those in known or good condition (1%).</p> <p>DOC received an uplift in Budget 2022 to support improving the condition of heritage assets across the country. This funding is enabling DOC to improve its inventory systems and the number of heritage sites it is managing (often in partnership with iwi).</p>		<p>In your submission, please also:</p> <ul style="list-style-type: none">Outline the effectiveness of current services provided.Include an explanation of the drivers for historic underutilised funding and whether or not these drivers are expected to persist into the future, and identify potential efficiency savings where there are historic patterns of underutilised funding.	<p>DOC is focused on protecting a priority range of cultural and historic heritage sites, as well as working with others to manage sites.</p> <p>Over the last two years, DOC has delivered more than 80 individual projects across the country that have protected and improved heritage places. Work ranged from geotechnical assessments to physical work that stabilised archaeological sites and heritage structures, to engagement with iwi, and improved visitor interpretation. An example is supporting the hapū at Pukerangiora to help them connect visitors to that site. In June 2024, DOC completed geospatial analysis of archaeological sites across PCL. The data helps DOC to prioritise survey and protection work.</p> <p>The drivers for underutilised funding in heritage include:</p> <ul style="list-style-type: none">Heritage funding received an uplift in Budget 2022. As new systems were put in place and new staff hired, there were some delays in spending that led to expense transfers.Supply chain issues have impacted ability to carry out work.Heritage work must largely be carried out outside of the busy summer tourist season, which compresses timeframes, especially if work doesn’t begin at the start of the financial year.Heritage work is carried out by rangers in regional operations, who can be directed onto other priorities, causing delays to heritage work.Last year’s work programme was also impacted by DOC’s hiring freeze to deliver savings for Budget 2024.	<p>Reducing funding risks irreversible loss of tangible heritage and limits DOC’s ability to meet statutory obligations.</p> <p>In addition, DOC’s heritage portfolio can play an important role in the Government’s objective to grow tourism. Around 75% of New Zealanders visit a heritage site each year. This includes iconic visitor sites such as Godley Head and Mansion House, Kawau Island. It also includes places of historical significance such as Ruapekpeka Pa, Arrowtown Chinese Settlement and the Pike River Mine site. DOC’s ability to provide these opportunities to visitors is already limited by the funding it has available.</p>	\$0
Recreational Opportunities – More visitors to Icon and Gateway destinations	Delivers tourism and recreation experiences at the sites with highest visitor volumes. This includes iconic tourist sites like Aoraki Mt Cook, Franz Josef, Cathedral Cove, Tongariro Alpine Crossing and the		In your submission, please also confirm if this expenditure is in scope of the Cabinet agreed work programme to look at Modernising Conservation Land Management, Charging for Access to	The Government is consulting on access charges for some parts of PCL. This is part of the Government’s wider legislative work programme for conservation. If introduced in the future, access charges would raise additional revenue. Cabinet has agreed	This visitor network is essential to deliver on the Government growth targets for tourism and the economy.	\$0

BUDGET SENSITIVE

Invited initiative	What it delivers	9(2)(f)(iv)	Conditions (Questions from Minister Seymour’s letter)	DOC response to questions	Impact of further savings	Proposed savings
2024/25 \$111.3m 2025/26 TBC	range of experiences DOC delivers like Great Walks, Short Walks, Day Hikes, Great Rides etc.		Public Conservation Land, and work on streamlining concessions.	<p>additional revenue generated from access charging would add to Crown funding, not displace it (e.g. not generate wider savings). This is critical to supporting users ‘willingness to pay’. Even if this decision were re-considered, the actual implementation of access charges are likely 2-3 years away and depend on a legislative process and further public consultation. ‘Banking’ any savings from this now would be highly risky and create fiscal cliffs for the Government.</p> <p>Cabinet has agreed that IVL revenue is another source of funding for these top tourist attractions.</p> <p>DOC is currently funded to maintain 70% of the visitor network. The Future Visitor Network Programme is underway, which will reduce the size of the network and make it more financially sustainable.</p> <p>This appropriation does not include significant direct expenditure that will be impacted by the Modernising Conservation Land Management or streamlining concessions.</p>	<p>DOC already can’t afford the visitor assets it is responsible for managing. DOC is about \$30M (or 30%) short of the operational expenditure and \$45M (50%) short of the capital expenditure required to manage the current scale of the visitor network each year.</p> <p>Work is already underway to ensure the visitor network is at a scale that is manageable in the future, given the available budgets.</p> <p>DOC is focused on increasing revenue from the visitor network through systematic review of pricing across a range of chargeable products, bringing more facilities onto the booking system and piloting new revenue generation opportunities (like carparking and merchandise). DOC is also consulting on changes to legislation that would enable DOC to charge for access to some visitor sites. However, legislative change is still some way away.</p> <p>And ahead of that, and even with some IVL baselined to support visitor experiences, DOC is still likely to need to reduce what it delivers for New Zealanders and international tourists.</p>	
Conservation and Community – Conservation Identity/Values 2024/25 \$15.6m 2025/26 TBC	<p>This funds frontline delivery roles spread across the country. These rangers work within their communities to:</p> <ul style="list-style-type: none">process permissionsdeliver community conservation agreements, andengage with iwi, support volunteers, and undertake outreach of issues like biosecurity risks.		n/a	n/a	<p>Reducing these appropriations will impact frontline roles primarily focused on processing permissions and supporting the business to make good regulatory decisions. It will impact DOC’s ability to clear the backlog of permissions applications and meet the Government’s permissions targets.</p> <p>DOC’s strategic partnership function was reduced by 50% as part of Budget 2024 baseline savings. Any further reductions of this function would impact DOC’s ability to attract investment into conservation. This would impact on the Ministerial priority to grow revenue through increased investment. 9(2)(b)(ii), 9(2)(i)</p>	\$0
Conservation and Community – Conservation Actively Achieved by Others 2024/25 \$14.3m 2025/26 TBC	<p>It also funds DOC’s Strategic Partnerships function - engaging businesses, philanthropists, and other groups to increase funding for conservation.</p>					
Policy Advice 2024/25 \$9.5m 2025/26 \$8.7m	DOC administers 25 Acts of Parliament (and contributes to many others), encompassing statutory land management and regulatory roles.		In your submission, please also explain the growth in expenditure for this category/appropriation.	<i>In 2017/18 the scope of policy advice provided by the department was narrow; the Policy Appropriation stood at \$2.088m and stood relatively stable through to 2019/20</i>	Will limit DOC’s capacity to provide responsive advice to Ministers on the evolving needs of the Government across the Conservation work programme and	\$1.2m p.a. – see savings initiative 3

BUDGET SENSITIVE

Invited initiative	What it delivers	9(2)(f)(iv)	Conditions (Questions from Minister Seymour's letter)	DOC response to questions	Impact of further savings	Proposed savings
	<p>The policy function is proactively developing solutions to address legislative and policy challenges preventing DOC from being a more effective and financially sustainable organisation.</p> <p>The Policy Directorate is leading significant Government-initiated reform proposals, contributes to cross agency work programmes, and provides advice to Ministers to ensure the right settings are in place to deliver the Government's priorities effectively and efficiently. This includes delivery across the following areas:</p> <ul style="list-style-type: none"> Policy reform programmes including Charging for Access to PCL, Streaming Concessions and Planning Processes, Modernising Conservation Land Management Government's Revenue Action Plan for Conservation Improvement of regulatory systems and regulatory operations Biodiversity systems – including Hauraki Gulf, South-east Marine Protection and Kermadecs Hunting and fishing and economic development Supporting implementation of the Fast track bill Input into other agencies policy programmes e.g. biodiversity credits and afforestation of Crown land International Visitor Conservation and Tourism Levy policy. 			<p>In 2017/18 DOC's capability to provide policy advice was very limited with the function only operating in a reactive and narrow manner - focusing on operational deliverables, progressing low-resource proposals, and only providing reactive policy advice to proposals being progressed by other agencies. Overall, at this time the capacity meant DOC did not have an ability to provide proactive policy advice to further the government's conservation policy agenda by providing advice on the range of government policy settings.</p> <p>At this time the Policy Advice appropriation funded four policy teams (22 FTE). These teams were supplemented by other parts of DOC undertaking policy work, including: a team focused on Treaty policy; and the International Team. These teams were funded through different appropriations.</p> <p><i>Over 2020/21 to 2022/23 the Policy Advice appropriation grew by \$2m per annum reflecting Budget uplifts and departmental restructuring.</i></p> <p>In Budget 2018, DOC received funding for an organisational Budget bid which included \$1.5m of ongoing funding for Policy Advice but this did not occur until the 2020/21 year.</p> <p>Budget 2020 included an initiative to implement the Ngāi Tai Supreme Court Decisions. Departmental restructuring resulted in the standalone Treaty Policy team being disbanded and the work programme being transferred to the Policy Directorate.</p> <p>In 2021/22 the International Team also moved into the Policy Directorate and the funding associated with the functions of the team shifted to the Policy Advice appropriation.</p> <p>Funding provided in Budget 2022 saw uplifts for marine policy and international work.</p> <p>In 2023 funding was provided from the IVL to support the increase in demand for advice and administration.</p> <p><i>From 2023/24 policy resources have been reprioritised to meet the incoming Government's priorities, including servicing an additional and new ministerial portfolio</i></p> <p>This includes establishing:</p> <ul style="list-style-type: none"> a dedicated Hunting & Fishing Policy team to service the new the Hunting & Fishing portfolio – reprioritising/repurposing an existing policy team and dropping a series for policy functions across tourism, economic development and mining/Crown minerals. a dedicated Budget & Funding policy team to ensure DOC was positioned to deliver advice on 	<p>(new) Hunting & Fishing work programme, including:</p> <ul style="list-style-type: none"> Limiting work shaping how DOC can deliver fiscally sustainable public services and its regulatory roles through new ways of doing things. Meaning DOC would only be able to progress new work requested by Ministers (e.g., Treaty Clause Review) if work on other Government priorities was stopped. Stopping work on reform of the New Zealand Coastal Policy Statement and support for wider cross-Government RM reform Risking delivery of wider conservation law reform. 	

BUDGET SENSITIVE

Invited initiative	What it delivers	9(2)(f)(iv)	Conditions (Questions from Minister Seymour’s letter)	DOC response to questions	Impact of further savings	Proposed savings
				<p>financial sustainability of the sector, including revenue policy – reprioritising/repurposing an existing policy team and dropping capacity to contribute to cross-government climate policy.</p> <ul style="list-style-type: none">a dedicated regulatory systems policy team to advance priorities on concessions-related reforms and Treaty policy issues - reprioritising/repurposing an existing policy team.		
Statutory planning and Ministerial Servicing 2024/25 \$15.7m 2025/26 \$15.6m	<p>DOC’s Statutory Management Planning is a diverse and varied function that delivers DOC’s core regulatory responsibilities. This includes processing Conservation Management Plans and Strategies (includes drafting, statutory public consultation, revisions, Ministerial approvals and advice) for each of the regional management plans, concessions work (including the Fast Track Approvals Act) and the Regulatory System Modernisation programme.</p> <p>The Ministerial Servicing function is largely non-discretionary, and demand driven. The functions include servicing two ministers' offices (the second created following the election in 2023), responding to Ministers’ requests, briefings, Written and Oral Parliamentary Questions, supporting DOC and Minister at Select Committee hearings, responding to correspondence, Official Information Act requests, Ombudsman investigations and Privacy requests. In addition, Government Services provides oversight and appointments to over 75 statutory bodies and completes more than 120 nomination and appointments processes annually. Most of these appointments are transacted through APH.</p>		In your submission, please also outline whether funding at current levels is needed in outyears if the Minister of Conservation’s proposed reforms aim to simplify/rationalise DOC responsibilities and legislative requirements (this excludes funding for Ngāi Tai supreme court decisions).	<p>DOC’s statutory planning function is already under resourced, with around 80% of management plans overdue for review. While the proposed legislative reforms aim to improve these planning processes, it will take time for the legislation to pass and then be implemented. Making cuts to this area now will undermine implementation, and increase the backlog of unprocessed statutory obligations, which carries legal risk for DOC.</p> <p>A reduction in capacity would also impact DOC’s ability to meet permissions targets and clearing the backlog of permissions applications, as well as progressing the Government’s regulatory modernisation programme of work and other govt priorities like MOP. As improving the statutory planning regime is a key priority for the Minister of Conservation, which Cabinet has endorsed, reducing funding for this function limits the ability of the Government to achieve its goals in this area.</p>	<p>A reduction in Management Planning capacity would also impact DOC’s ability to meet permissions targets and clearing the backlog. As improving the statutory planning regime is a key priority for the Minister of Conservation, which Cabinet has endorsed, reducing funding for this function limits the ability of the Government to achieve its goals in this area.</p> <p>Any reduction in Ministerial Services FTE or services is likely to impact core ministerial and public (customer) services, specifically quality, timeliness and statutory compliance. For example, in 2016, 73.3% of the 344 OIA responses were completed within statutory timeframes. In 2023/24, the Department achieved 97.3% from 846 OIA responses.</p>	\$0
Regional Pest Management 2024/25 \$2.5m 2025/26 \$2.6m	This funding is used to control weed and animal pests on lands administered by DOC to meet statutory good neighbour obligations and negotiated outcomes of regional pest management plans.		n/a	n/a	Reducing this funding will impact DOC’s ability to fulfil its core 'good neighbour' obligations, including minimising the impact of pests on the agricultural and environmental values of properties neighbouring. These are legal requirements. DOC has previously been served with Regional Pest Management Strategy notices requiring it to comply with obligations.	\$0
Other Output Expenses 2024/25 \$8.9m 2025/26 \$10.3m	As part of the Governments response to the South Island Landless Natives Act (SILNA) \$16.1 million of non-Department funding was allocated to Vote Conservation by Cabinet in 2002. A total of \$9.8 million has been paid out to date resulting in 1,652 hectares of land protected through eight separate conservation covenants on SILNA		n/a		9(2)(g)(i)	\$0

BUDGET SENSITIVE

Invited initiative	What it delivers	9(2)(f)(iv)	Conditions (Questions from Minister Seymour’s letter)	DOC response to questions	Impact of further savings	Proposed savings
	<p>land. A total of \$4.5 million is currently allocated via seven offers to SILNA landowners that have to date not been taken up.</p> <p>This appropriation includes funding for the Queen Elizabeth the Second National Trust (QEII). It is a charitable organisation primarily funded by the crown to aid conservation on private land under the Queen Elizabeth the Second National Trust Act 1977. The Trust’s primary activities are setting up enduring covenants to protect biodiversity on private land. QEII’s covenants protect some of the country’s rarest and most threatened species and ecosystems. As at 30 June 2024, QEII has delivered over 5,000 covenants protecting over 180,000ha of private land.</p>					
Annual Appropriation: Capital Expenditure 2024/25 \$20.5m 2025/26 2.8m	<p>The January submission to the Treasury identified \$20.5 million of capital expenditure in 2024/25 for this category of appropriation. This drops significantly in 2025/26, where ongoing funding is \$2.8 million per annum for the purchase and development of reserves and the Crown Land Acquisition fund. The other categories of funding in 2024/25 have been spent or will be spent on specific capital projects by 30 June 2025, including the infrastructure projects, the Hump Ridge Great Walk, the Nature Heritage Fund, and the Milford Flood Protection. As the only ongoing funding is \$2.8m, not \$20.5m, and due to the technical accounting and legislative restrictions for the purchase and development of reserves appropriation, capital savings could only be provided from the Crown Land Acquisition Fund.</p>		n/a		<p>The Crown Land Acquisition Fund (\$1.0m per annum saving available) has been used on an ad hoc basis. In addition to the Redcliffs Park school land purchase, another significant purchase was the St James Station for \$40 million in 2008. It is not possible to predict future calls on this fund and if it is, future acquisitions of land to create reserves would need to be funded by ad hoc appropriations – and opportunities may be missed due to the consequent loss of ability to move quickly.</p>	\$1m p.a. – see savings initiative 2

25-B-0052 - Attachment C - Summary of savings options

Proposed submission	Description	Savings p.a. (\$m)	Intervention logic and context	Marginal risks
Initiative 1: Consolidate predator control work programme by disestablishing Predator Free 2050 Ltd.	This initiative would disestablish Predator Free 2050 Ltd and return its operating costs to the Crown.	Recommended Savings: \$3.6m p.a. (fully realised in year 2).	<p>Predator Free 2050 Ltd is a Crown-owned, charitable company established in part to attract non-Crown investment to support the Predator Free 2050 (PF2050) goal. The company is focused on cost effective and scalable investments into large predator eradication.</p> <p>The Government has the goal of eradicating predators from New Zealand by 2050. This would provide a huge boost to biodiversity by removing the pressure on indigenous species. Once achieved it would significantly reduce the ongoing cost to protect indigenous species.</p> <p>The goal is very ambitious and cannot be achieved by Government acting alone. This is why Predator Free 2050 Ltd was established to leverage non-Crown investment.</p> <p>When the company was established, it was expected to raise significant non-Crown funding and distribute funding to investments, 9(2)(g)(i) DOC is currently reviewing the company's role in the PF2050 system, particularly where there are duplication and inefficiencies.</p>	<p>The company has struggled to directly attract non-Crown investment and has high overhead costs in relation to total revenue. These overheads can be eliminated by disestablishing the company, with DOC taking on the role of Crown investment in prioritised predator free projects and provide clearer leadership of the PF2050 goal.</p> <p>There is a risk that disestablishing the company is perceived as undermining the PF2050 goal. However, this can be mitigated by clearly communicating the Government's commitment to the predator free goal, including by supporting the best value for money investments and rationalising the PF2050 system. There will be a process to disestablish a Crown-owned charitable company.</p> <p>The Government will want to consider the risks of announcing this alongside any potential cuts to Predator Free related grants and funds (e.g. 9(2)(f)(iv))</p>
Initiative 2: Closure of Crown Land Acquisition appropriation	This initiative involves closing the capital Crown Land Acquisition (\$1.0m p.a.) appropriation.	Recommended Savings: \$1.0m p.a. of capital funding.	<p>The Crown Land Acquisition fund is for unique or bespoke land purchases that do not fit the remit of the other land purchase appropriations. This appropriation has not been used in the last three years and is largely used on an ad hoc basis when required. For example, after the Canterbury earthquakes, the condemned Redcliff Park school was purchased by DOC and turned into a recreation reserve managed by Christchurch City Council. This appropriation was also used to purchase the St James Conservation Area in 2008 for \$40 million.</p>	<p>The closure of the Crown Land Acquisition appropriation would remove DOC's flexibility to purchase land that is outside the scope of the other land purchase appropriations (Reserves and Nature Heritage Fund). As this appropriation tends to be used and funded reactively to events and opportunities, the closure of the appropriation risks DOC's ability to respond quickly. It would be possible for Ministers to create a new appropriation and funding source if future land purchases are required of DOC – although some opportunities would likely be missed with this reduced flexibility.</p>

Proposed submission	Description	Savings p.a. (\$m)	Intervention logic and context	Marginal risks
Initiative 3: Reduce DOC's policy function	<div>9(2)(f)(iv)</div> <div>This would represent a 15% reduction in total policy FTE.</div>	<div>Feasible but not recommended in the near term</div> <div>Savings: \$1.2m p.a.</div> <div>9(2)(f)(iv)</div> <div>9(2)(f)(iv)</div> <div>9(2)(f)(iv)</div>	<p>The Policy Directorate is leading significant Government-initiated reform proposals, contributes to cross agency work programmes, and provides advice to Ministers to ensure the right settings are in place to deliver the Government's priorities effectively and efficiently.</p> <p>DOC administers 25 Acts of Parliament (and contributes to many others), encompassing statutory land management and regulatory roles. The policy directorate is proactively developing solutions to address legislative and policy challenges preventing DOC from being a more effective and financially sustainable organisation.</p> <p>In 2023/24-2024/25, financial years the policy Directorate restructured and reprioritised policy resources to reflect the incoming Government's priorities:</p> <ul style="list-style-type: none">Providing servicing and portfolio advice to the new/additional Hunting & Fishing portfolio - refocusing an existing policy team.Providing budget and funding policy advice to the Minister of Conservation (a new function for the Policy Directorate) – refocusing an existing policy team. <p>These increases in responsibilities were achieved by managing within existing vacancies and FTEs.</p> <p>The capability of the Policy unit has been deliberately built over the past few years to support the Minister's policy improvement programme, including improving the out of date and restrictive regulatory framework.</p>	<p>Savings would limit DOC's capacity to provide responsive advice to Ministers on the evolving needs of the Government across the Conservation work programme and (new) Hunting & Fishing work programme, including:</p> <ul style="list-style-type: none">Limiting work shaping how the Department can deliver fiscally sustainable public services and its regulatory roles through new ways of doing things.Meaning DOC would only be able to progress new work requested by Ministers (e.g., Treaty Clause Review) if work on other Government priorities was stopped.Stopping work on reform of the New Zealand Coastal Policy Statement and support for wider cross-Government RM reformRisking delivery of wider conservation law reform. <div>9(2)(f)(iv)</div> <p>The Policy Directorate is fully staffed and there are no opportunities to manage new savings without reducing FTE/disestablishing roles.</p>



MP for Epsom

Deputy Prime Minister (from 31 May 2025)

Minister for Regulation

Associate Minister of Education (Partnership Schools)

Associate Minister of Finance

Associate Minister of Health (Pharmac)

Associate Minister of Justice (Treaty Principles Bill)

17 FEB 2025

Hon Tama Potaka
Minister of Conservation
Parliament Buildings

Dear Tama,

Thank you for your engagement to date on the Budget 2025 Baseline Savings Programme. It was helpful to meet with you last month, and I appreciated the information subsequently provided by Tama Potaka.

As we discussed, the fiscal context we are currently operating in is challenging. In the current year, the OBEGAL deficit is expected to increase to \$17.3 billion and remain in deficit across the forecast. Net core Crown debt is expected to reach \$234.1 billion by 2028/29 with core Crown finance costs forecast to exceed \$12 billion in the same year. A sustained focus on fiscal sustainability is needed now more than ever.

To support this, Budget Ministers agreed to my leadership of a targeted baseline savings exercise – the Budget 2025 Baseline Savings Programme. Through the Programme, I am seeking to find an additional \$500 million of savings per annum for Budget 2025. I selected ten portfolios for inclusion in the Programme, all of which have experienced high expenditure growth since 2016/17.

Conservation is one of these high-growth portfolios, experiencing a \$92 million increase in annual expenditure within the gross base since 2016/17. I appreciate that there are various methodologies that could have been used to calculate this growth, which would likely have produced varying rates of growth. Nevertheless, this portfolio has experienced growth, and I am interested in exploring savings opportunities within it.

Unless justified by specific policy objectives, I consider it appropriate to return expenditure to 2016/17 levels. This has been my starting point in determining which expenditure to invite into the Budget process as a potential baseline saving.

Annex 1 sets out the areas which I have invited you to submit savings for. Where conditions are specified, my expectation is that savings initiatives will reflect options to meet these conditions. Savings should also be explored outside of the list of invited initiatives, if that is necessary to return expenditure to 2016/17 levels. Where your portfolio involves longer term reviews or policy programmes that may identify additional savings, I encourage you to bring forward all possible savings to be considered in this Budget round, rather than waiting until Budget 2026 to action.

Given the narrowing window to submit initiatives by the current Thursday 13 February deadline, I have decided to extend this submission deadline by a week. I therefore invite you to write to me by no later than Friday 21 February providing a brief summary of your submissions. I ask that your agency also submits initiatives into Treasury's system by 1pm Friday 21 February. Where an invite is already part of the Budget 2025 process, I will review the summary already submitted (no action required from you).

Following Treasury assessment of submitted initiatives, I intend to submit a preferred package of baseline savings initiatives to Budget Ministers in March. At this point, the Baseline Savings Programme will become part of the wider Budget package and process.

Thank you for your continued commitment to ensuring we are effectively managing Government expenditure and delivering value for money.

Sincerely,



Hon David Seymour
Associate Minister of Finance

cc Penny Nelson, Director General, Department of Conservation

Annex A: Budget 2025 Baseline Savings Programme Invitations

Conservation

Please see below the initiatives I am inviting you to submit at Budget 2025

Title	Conditions
Natural Heritage – Ecosystem Protection Natural Heritage – Species Persistence Natural Heritage – Landscape Integrity Natural Heritage – Taonga and Iconic Species Natural Heritage – Managing Site Specific Threats	In your submission, please also: <ul style="list-style-type: none"> • Include an explanation of the drivers for historic underutilised funding and whether or not these drivers are expected to persist into the future, and identify potential efficiency savings where there are historic patterns of underutilised funding. • Include proposals to consolidate/scale programmes across predator and pest management and evaluate associated impacts on Government commitments to Predator Free 2050.
Natural Heritage – Land and Water Obligations	In your submission, please also include an explanation of the underlying drivers for activities funded in this work area and whether there are feasible choices for Ministers to scale involvement/actions accordingly.
Historic Heritage	In your submission, please also: <ul style="list-style-type: none"> • Outline the effectiveness of current services provided. • Include an explanation of the drivers for historic underutilised funding and whether or not these drivers are expected to persist into the future, and identify potential efficiency savings where there are historic patterns of underutilised funding.
Recreational Opportunities – More visitors to Icon and Gateway destinations	In your submission, please also confirm if this expenditure is in scope of the Cabinet agreed work programme to look at Modernising Conservation Land Management, Charging for Access to

	Public Conservation Land, and work on streamlining concessions.
Conservation and Community – Conservation Identity/Values	
Conservation and Community – Conservation Actively Achieved by Others	
Policy Advice	In your submission, please also explain the growth in expenditure for this category/appropriation.
Statutory planning and Ministerial Servicing	In your submission, please also outline whether funding at current levels is needed in outyears if the Minister of Conservation's proposed reforms aim to simplify/rationalise DOC responsibilities and legislative requirements (this excludes funding for Ngāi Tai supreme court decisions).
Regional Pest Management	
Other Output Expenses	
Annual Appropriation: Capital Expenditure	



Briefing: Draft letter to Hon Seymour – Budget 2025 – BUDGET SENSITIVE

To	Minister of Conservation	Date submitted	13 March 2025
Action sought	Approval to send a response letter to Minister Seymour regarding the Baseline Savings Programme	Priority	High
Reference	25-B-0094	DocCM	DOC-7897785
Security Level	Sensitive	Timeframe	19 March 2025
Risk Assessment	Medium There is a risk that Hon Seymour asks the Treasury to identify further savings. DOC will provide further advice is required.		
Attachments	Attachment A – Draft letter to Minister Seymour		

Contacts	
Name and position	Phone
Nick Mayo Chief Financial Officer	9(2)(a)
Mike Tully Deputy Director General - Organisation Support	9(2)(a)

Purpose – Te aronga

1. This briefing seeks your agreement to send the attached letter (see draft letter in Attachment A) in response to Hon Seymour's letter of 6 March 2025 regarding your submission for the Budget 2025 Baseline Savings Programme.

Background and context – Te horopaki

2. Hon Seymour, the Associate Minister of Finance, is leading the Budget 2025 Baseline Savings Programme to identify a package of savings to present to Budget Ministers through the Budget process.

3. On 4 December 2024, Hon Seymour sent you a letter confirming that Vote Conservation is within scope of the Baseline Savings Programme, an exercise to find additional savings at Budget 2025. The exercise is targeted at portfolios where expenditure has grown significantly since 2017.
4. You met with Hon Seymour on Wednesday 29 January 2025 to discuss the Baseline Savings Programme. After this meeting, you provided Minister Seymour additional information on DOC's baseline funding since 2017 and a Vote Conservation baseline breakdown.
5. In his follow up letter of 17 February 2025, Hon Seymour identified 15 areas for you to find savings for Budget 2025. This included approximately 50% of DOC's total expenditure and broadly covered spending in the following areas: natural and historic heritage, land management and recreation, and a range of biodiversity programmes and funds.
6. In your Baseline Savings Programme submission [25-B-0052], you submitted three initiatives:
 - Disestablishing Predator Free 2050 Ltd (\$3.6 million per annum) – Recommended.
 - Closure of the Crown Land Acquisition appropriation (\$1 million per annum capital funding) – Recommended.
 - Reducing DOC's Policy function (\$1.2 million per annum) – Not recommended.
7. You noted that further savings would have a significant impact on conservation outcomes and increase the risk of regulatory failure - especially given the context of savings already identified in the Performance Plan, the Budget 2025 Grants and Funds review, and previous savings exercises.
8. In response to your submission, Hon Seymour wrote to you on 6 March 2025 expressing concern at the reluctance to consider further savings opportunities through scaling down activities, staffing, or to end Crown funding for activities that could be undertaken by the private sector. In his letter, Hon Seymour welcomed further discussion on opportunities for further savings.

We provide you with a response to Hon Seymour's letter

9. We have drafted a response letter for you in Attachment A, which sets out why you have decided to not put forward further savings opportunities, including outlining the impact further savings would have on:
 - *DOC's core frontline services*, directly impacting conservation outcomes, including further reducing visitor infrastructure and services, scaling back pest and weed control efforts, and further neglect of heritage site maintenance.
 - *DOC's regulatory services and performance*, with flow-on impacts for the industries accessing PCL such as tourism, conservation outcomes and Crown risks.
10. As Budget 2025 has been announced as the 'growth budget', we propose highlighting that investment in DOC supports the tourism industry, a direct driver of economic growth.

Risks, implications, and consultation

11. There is a risk that Hon Seymour asks the Treasury to identify further savings from DOC for consideration by Budget Ministers as part of the Budget process, without input from you or DOC. However, given the late stage of the Budget process, we consider this risk low, and his letter signalled that Treasury would only be assessing your *submitted* initiatives. We are working closely with the Treasury and can provide further advice on savings, if needed.

Next steps – Ngā tāwhaitanga

12. We seek any feedback on the attached letter by 19 March 2025 so that a response can be sent to Hon Seymour by 21 March 2025.
13. We understand Budget Minister are still in the process of finalising the savings package for Budget 2025. These decisions will be finalised in the Budget cabinet paper in April/May.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Review and provide feedback on the draft letter to Minister Seymour, the Associate Minister of Finance	
b)	Send the finalised letter to Minister Seymour by 21 March 2025	Yes / No



Date:

13/03/2025

Mike Tully

Deputy Director General - Organisation
Support

Date: / /

Hon Tama Potaka

Minister of Conservation

ENDS

Hon Tama Potaka

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



Ref: CORM-[XXX]

Hon David Seymour
Associate Minister of Finance

Tēnā koe David

Thank you for your letter dated 6 March 2025 regarding the Budget 2025 Baseline Savings Programme.

For the Baseline Savings Programme, I investigated savings opportunities in all of the areas you have identified, taking into account the potential impact on outcomes and risks, where savings were already made in Budget 2024, and where reductions are already planned to manage costs pressures as part of the Department of Conservation's Performance Plan.

Considering these factors, I submitted three initiatives that align with your guidance to identify opportunities to scale-down activities, staffing and reduce inefficiencies. While these savings initiatives involve some trade-offs, the risks and impacts can be managed more easily than in other areas of the portfolio.

I am not proposing any additional savings from the Department of Conservation. Further savings would have a significant impact on the delivery of core frontline services, hinder progress on the Government's priorities for conservation, and risks regulatory failure.

As Budget 2025 will be the 'Growth Budget', I want to reiterate the Department of Conservation's role in supporting the tourism industry, which is a direct driver of economic growth. Further savings would significantly impact the Department's ability to deliver, maintain and improve conservation services that international visitors travel so far to see.

I look forward to continuing to work with you throughout the Budget process.

Mauriora

Hon Tama Potaka
Minister of Conservation

Alex Revelant

From: Victoria Rhodes-Carlin
Sent: Thursday, 3 April 2025 10:38 am
To: Peter Galvin; Kayla Wilson
Cc: James Johnson (Policy Manager); Siân Roguski; Lucia Sobiecki; Ruth Isaac
Subject: Waste Levy - Budget 2025 - Joint Minister decisions

[Budget Sensitive]

Kia ora koutou,

This email provides DOC's advice on the Ministry for the Environment briefing: *Budget 2025: Waste Levy allocation decisions and consolidating environmental funds*, which we understand your office will receive today.

This briefing seeks to create fiscal headroom (i.e., savings) at Budget 2025 through 'baseline swaps' of Crown funded environmental programmes with Waste Levy revenue. The Minister for the Environment is urgently seeking decisions from the Minister of Conservation and other Ministers **by Friday 4th April** on the proposals, which will then be transacted at Budget 2025.

Key points on the proposal:

- The DOC initiatives invited to the baseline swap are:
 - Landscape Scale Eradication and Research Investment – Zero Invasive Predator - \$27.900 m
 - Community Conservation Funds - \$19.636 m
 - Ngā Whenua Rāhui - \$27.656 m
- **Funding levels will remain the same for these initiatives**, it is only the source of the funding that has changed over the four years.
While the Waste Levy is a variable revenue stream and is projected to decrease over time, the recommendations in the paper ensure that the Crown will absorb any decreases and **guarantee Crown funding to these initiatives**.
- The proposed baseline swap from Crown revenue to Waste Levy revenue for three DOC programmes is **only across the forecast period** (2025/26-2028/29) which will then revert to Crown funding after the forecast period ends.

The paper also seeks in-principle agreement to explore consolidation opportunities of Crown environmental funds, which we will participate in going forward.

We recommend the Minister of Conservation support this paper. We will continue to work with the Treasury and the Ministry for the Environment to ensure that there are no risks or uncertainty of funding for these programmes.

Kind regards,

Victoria

Victoria Rhodes-Carlin

Policy Advisor | 9(2)(a)

Budget and Funding Policy

Department of Conservation | Te Papa Atawhai



Department of Conservation
Te Papa Atawhai

Budget 25: Talking points for DG with MOC on 3 December

Context

- We will brief you on the full Budget 2025 package (response letter to MoF and submissions summary) on Thurs 12th Dec. These templates need to be submitted to Treasury by Monday 23 Dec.
- The Minister of Finance has requested three things from you for Budget 2025:
 - A review of the tagged contingency for drinking water infrastructure for savings opportunities;
 - An invitation to submit a new funding initiative for a Molesworth Great Walk; and
 - A review of DOC's grants and funds to inform savings options
- *On the tagged contingency for drinking water infrastructure,*
 - by working with the water regulator to exempt drinking water sites, **we no longer require the full funding set aside in the drinking water contingency** 9(2)(i), and can return \$7m to the Crown in savings. We will reflect this in the template; the remaining funding is required to meet legislative requirements.
- *On the invitation to submit a bid for the Molesworth Great Walk:*
 - we have previously discussed this, and I understand you do not wish to progress with this. This will need to be confirmed with the Minister of Finance.
- *On the 'Grants & Funds' request, this is more complicated:*
 - We identified \$26m p.a in funding arrangements as 'in scope'¹ in response to a previous request from the Treasury for information on the grants and funds we administer. This was on the basis of **all** expenditure that could possibly be interpreted as falling within the definition.
 - Ministers have now been asked for savings options based on this information -
 - You have been asked to identify low (\$12m p.a) and high (\$24m p.a) savings packages.
 - We think the request for a low and high savings package is based off the wrong information (noting that the 'high' request is essentially 100% of the total of the grants and funds included in the information request).

¹ The definition of what was in scope is as follows: "*funding that...supports an individual, organisation or activity without directly purchasing goods or services or funding arrangements that directly purchase goods or services that have features consistent with grant funding*"

Budget 25: Talking points for DG with MOC on 3 December

We recommend you write to the Minister of Finance seeking amendment to the scope of the grants and funds included

- Since reviewing the material provided by the Minister of Finance/Treasury in their letter, we consider that **many of these funding arrangements are not ‘discretionary funds or grants’ – they are akin to contracts with third parties** or co-funding contributions to joint ventures to deliver core conservation activities.
 - *For example, the Crown signed a formal agreement (the Tomorrow Accord) with Next Foundation to maintain gains from their investment in specific projects. One of these is Taranaki Mounga, where the Crown’s \$200k p.a contribution leverages private investment to create a project budget of more than \$1m p.a*
- I understand **other agencies took a much stricter approach** to identifying funds that met the criteria, which has meant **they have a lower savings request**.
- In most cases, **these arrangements align with your priorities and demonstrate strong value for money**. For example:
 - *\$6.5m for the Zero Invasive Predators in Rakiura & South Westland project **9(2)(b)**, and includes a focus on a number of threatened species, such as the Southern NZ Dotterel*
 - *contributing \$200k p.a to Pukaha Mt Bruce for endangered species breeding means we can utilise existing infrastructure that would cost millions to build ourselves*
 - *\$240k p.a for the Whakatipu Wilding Conifer Group leverages a total project budget of \$3m p.a from councils & landowners in one of our most important visitor locations*
- The decline in outcomes if these projects were reduced would be disproportionately high, and the relationship/reputational consequences severe in many cases.

Proposed next steps

- We consider the only DOC examples that meet the ‘grants and funds’ definition are:
 - *The Nature Heritage Fund - \$1.3m p.a*
 - *The Community Conservation Fund - \$4.91m p.a*
 - *Ngā Whenua Rāhui Fund - \$4.75m p.a [but even this has elements of contractual/legislative obligations once committed]*
 - *Mātauranga Kura Taiao Fund - \$0.63m p.a*
- **This gives a total value for grants & funds of approximately \$12m p.a**, as opposed to the \$26m currently in scope.

Budget 25: Talking points for DG with MOC on 3 December

- **We recommend you seek Minister of Finance's agreement to scale your savings package relative to what should have been the total scope for the grants and funds review**, NOT against the value of contracts for core services.
- Even then, there are big consequences from reducing these funds – they are a key tool we use to engage & incentivise community involvement in conservation.

Alex Revelant

From: Peter Galvin <Peter.Galvin@parliament.govt.nz>
Sent: Tuesday, 3 December 2024 3:36 pm
To: Tim Saunders; James Johnson (Policy Manager); Siân Roguski; Ruth Isaac; Lucia Sobiecki; Victoria Rhodes-Carlin; Igor Milosevic; Ben Hansen
Subject: RE: Budget 25 Subs: SLT calls & next steps re Grants & funds

Thanks Tim and team. That's clarity in abundance. I'll look forward to the briefing with the letter.
Cheers. Peter

From: Tim Saunders <tsaunders@doc.govt.nz>
Sent: Tuesday, 3 December 2024 2:17 PM
To: James Johnson (Policy Manager) <jamesjohnson@doc.govt.nz>; Siân Roguski <sroguski@doc.govt.nz>; Ruth Isaac <risaac@doc.govt.nz>; Peter Galvin <Peter.Galvin@parliament.govt.nz>; Lucia Sobiecki <lsobiecki@doc.govt.nz>; Victoria Rhodes-Carlin <vrcarlin@doc.govt.nz>; Igor Milosevic <imilosevic@doc.govt.nz>; Ben Hansen <bhansen@doc.govt.nz>
Subject: Budget 25 Subs: SLT calls & next steps re Grants & funds

Hey all,

Igor, Lucia and I had a good, clear discussion with SLT on Budget25 this morning, and it's probably easiest to D/L re the grants & funds stuff to all involved in one email (sorry if that's more detail than you need Sian & Ruth)

Pete – including you as a heads up that there will be Thursday bag material on this (see below)

Context

- Penny had spoken to MOC on the weekend & 9(2)(g)(i) [REDACTED]
- 9(2)(g)(i) [REDACTED]
- We're calling the reduced scope scenario Plan A, and the non-reduced scope scenario Plan B.

Specific decisions on the Low/High packages...

- 9(2)(g)(i) [REDACTED]
- In this context, they agreed that, **for Plan A:**
 - 9(2)(g)(i) [REDACTED]
 - The low (\$5.8m) option would stop NHF (\$1.3m), take \$3m out of CCF, stop Matauranga Kura Taiao (\$0.63m), and take only \$0.87 out of Whenua Rahui (leaving us with enough to cover current contractual commitments).

- And for **Plan B**, where the full original scope comes back, the \$12m low option would use some of the contract for service stuff to mitigate the reduction in Whenua Rahui:
 - All of CCF (\$4.91)
 - All of NHF (\$1.3)
 - \$3.45 from Whenua Rahui
 - The \$0.63 from the Matauranga fund..
 - 9(2)(f)(iv)
 - The \$0.71 from Reg. Ops for the Treaty settlement grants
 - \$0.3m from the Save our Kiwi agreement
 - \$0.13 from Tohu Whenua (Steph)

Deliverables/next steps.

- On Thursday we need to provide a short briefing covering the letter from MOC to MOF on scope, and an A3 that makes the above low/high options clear to the Minister. This briefing would seek his agreement to the approach to budget submissions based on Plan A & Plan B.
- SLT members will discuss this with the Minister on Monday, after which he will send the letter to MOF, 9(2)(g)(i)
- We would then need to finalise the savings templates based on 3 scenarios – Plan A low, Plan A high, and Plan B low 9(2)(g)(i)
- Final briefing would still go to MOC on Thurs 12th with the formal response letter and the Subs.

Tim Saunders

9(2)(a)

Principal Analyst (Fixed Term), Budget and Funding Policy
Department of Conservation | Te Papa Atawhai



Department of Conservation
Te Papa Atawhai

Caution - This message and accompanying data may contain information that is confidential or subject to legal privilege. If you are not the intended recipient you are notified that any use, dissemination, distribution or copying of this message or data is prohibited. If you received this email in error, please notify us immediately and erase all copies of the message and attachments. We apologise for the inconvenience. Thank you.

Approach to DOC Submissions for Budget 25

SLT Weekly meeting

26 November 2024

BUDGET-SENSITIVE



Department of
Conservation
Te Papa Atawhai

New Zealand Government



Agenda

1. What's required
2. Proposed timeline to 23 December
3. Strategic questions/points of emphasis for the submissions

What's required?*

* MOF letter also flagged a baseline savings exercise to be run by the Associate MOF for “portfolios where expenditure has grown significantly since 2017”. We now understand we will not have confirmation as to whether we are included in this process until the new year.

MOF letter requests three template submissions, covered by summary response:

A.

Review & justification of the Tagged Contingency for Conservation Drinking Water Infrastructure (currently proposed to retain s 9(2)(i), 9(2)(j) over 25/26-28/29)

“..which should be reviewed for potential savings opportunities. If there are no such opportunities, a reasonable justification for why the funding is still needed should be provided”

“consideration should be given as to whether this initiative could be appropriately funded through International Visitor Conservation and Tourism Levy revenue”.

B.

Review & savings options from ‘Grants & funds’ (\$26.32m current average spend p.a)

Asked to review grants & funds submitted to the earlier stocktake in line with three principles:

- Consolidate and simplify number of grants & funds
- Increase the value of Government spend by scaling or closing grants & funds that represent lower value for money or where there isn't a clear rationale for Government intervention
- Minimise administrative costs

Two specific savings packages required: Low (\$12m p.a), and High (\$24m p.a)

C.

New initiative bid for a ‘Molesworth Great Walk’

“Please ensure your submission is accompanied by a Cabinet-approved business case to quantify regional benefits, critically examine the presence of enabling infrastructure needed to support a Great Walk and include scalable options for a Great Walk and alternative options that could provide regional economic benefits.

This initiative will be subject to upcoming decisions on the International Visitor Levy”.

New initiative bid must include reprioritisation options (distinct from those included in the Performance Plan) for 25%, 50%, and 75% of the cost of the initiative.

Budget working group

- We have convened a working group consisting of staff from across:
 - Budget & Funding Policy (James Johnson, Tim Saunders, Magnus Monahan)
 - Strategic Finance (Kevin Martin, Igor Milosevic, Tom Cook)
 - Org Support Chief Advisor – Ben Hansen
- The group is working with SMEs for the different submissions
 - David van der Zouwe – Grants and funds
 - Julie Chuor – Drinking water
 - Carly Strausberg, Steve Kerr – Molesworth

Proposed timeline

Mon 25 Nov	26 SLT considers plan & approach	27	28	29 Draft submissions to working group
Mon 2 Dec	3	4 Draft subs, MOC cover letter, and cover briefing to DDGs – Ruth, Mike	5	6
Mon 9 Dec Update conversation with MOC	10 Full draft package to SLT for review & approval	11	12 Full package to MOC	13
SLT member communications with Tsy to test key DOC positions/analysis				
Mon 16 Dec Update conversation with MOC	17	18	19	20 MOC letter sent/ submissions uploaded to CFISnet
Discussion/amendment with MOC/MOCO as required				

Points of emphasis/key considerations

Review, savings and justification for drinking water contingency

- Budget 24 established a tagged contingency 9(2)(i), 9(2)(i) for drinking water improvements to conservation assets needed to ensure compliance with the Water Services Act 2021.
- Contingency is due to expire on 1 Feb 2025, but we are submitting a single stage business case and Cabinet paper to ECO on 4 Dec, seeking extension of the contingency to 30 June 2025 - this will allow the Department to complete an implementation business case and draw down funding for 24 sites across 2025-26 to 2028/29 & outyears.

Proposed points to emphasise in submission

- DOC has already significantly reduced the cost by working more closely with the regulator, resulting in a \$5m saving 9(2)(i), 9(2)(i) within the contingency that can be returned to centre
- The remaining 9(2)(i), 9(2)(i) is the bare minimum spend needed to meet statutory obligations
- There are significant opportunity costs of funding this from IVL in the context of other pressures (can provide a representative set of projects from the pipeline provided in last IVL briefing).

Points of emphasis/key considerations

Approach to Grants & Funds submission

- We have stratified the funds covered in MOF's letter (see summary table next page) to provide a more nuanced analysis of:
 - which funds are really contracts for delivering specific conservation interventions, or paying for a service (research, databases); and
 - which are a more discretionary 'grant'
- We have commissioned Directors responsible for each fund to fill in a template by Friday 29 Nov covering: contribution to strategic priorities, evidence of VfM, risks of stopping, and options for consolidation - DDGs will sign these out to the Budget working group.
- Working group will then assess these and develop two packages of savings for the low (\$12m) and high (\$24m) options for DDGs & SLT to consider, including admin. savings..

Proposed points to emphasise in submissions

- several funds are designed to incentivise community & third-party involvement in conservation, so closure will impact our ability to collaborate & leverage that contribution
- closure of some funds will impact on our ability to meet Treaty obligations/relationships with Iwi & Hapū

Do you have any initial views on how you might like to prioritise for the low-cost option (the high-cost option will not require prioritisation as it would essentially eliminate these funds)?

Funding sources subject to savings request in MOF letter

*one-off funds expiring this FY have been excluded from MOF's letter

Business Group	Funding Arrangement	Full Saving, \$m
Contracts for delivering specific conservation interventions		13.528
9(2)(f)(iv)		
Biodiversity, Heritage and Visitors	Tohu Whenua programme funding contribution	0.130
Biodiversity, Heritage and Visitors	Landscape Scale Eradiction and Research Investment	6.500
Public Affairs	Nature Heritage Fund	1.803
Regional Operations	Small arrangements - Regional Operations	3.550
Biodiversity, Heritage and Visitors	Wild Animals - Kaimanawa adaptive deer management	0.090
Biodiversity, Heritage and Visitors	Wild Animals - Wild Deer Free Northland	0.905
Contributions to research/databases		0.177
Biodiversity, Heritage and Visitors	Biodiversity Data Management	0.090
Biodiversity, Heritage and Visitors	Biodiversity Data Management - Global Assessments	0.025
9(2)(f)(iv)		
Biodiversity, Heritage and Visitors	Research collaborations - small scale	0.038
Grants/funds with more discretion		10.294
Public Affairs	Community Conservation Funds	4.909
Treaty Relationships	Mautauranga Kura Taiao Fund	0.634
Treaty Relationships	Nga Whenua Rahui Fund	4.751
Total		23.999

Points of emphasis/key considerations

Molesworth Great Walk 'new initiative'

- Was a National Party manifesto commitment. We provided advice to MOC in May, emphasising:
 - that it was likely to cost much more than the \$14m estimated in the manifesto - (estimated at \$30m construction & \$2.7m p.a ongoing)
 - feasibility constraints (terrain, lack of natural shade & drinking water, snowfall & landslide risk, popularity for hunting, remote start/ending)
 - potential to dilute total great walk revenue while increasing costs if it does not generate a growth in numbers
- The minister agreed not to prioritise this, and there has been no market analysis of demand or potential economic benefits - **we cannot do this before 23 Dec**.
- We are working with the office to determine whether the invitation can be withdrawn but are assuming we will need to draft a submission anyway. If so, will need to decide:
 - whether we want to present alternative/scaled options (e.g an alternative great walk, an alternative experiences in the same region, or a feasibility study of the Molesworth proposal)
 - what we focus the reprioritisation options on (25%, 50%, and 75%) given the scale of Opex savings already provided in Performance Plan - e.g, a pre-commitment against future IVL funding? Further Capex/Opex from existing baseline?

Other questions & directions?

Are you comfortable with the timeline and approach?

Are there other key points of emphasis you would like us to cover in the submissions?

Update on DOC Submissions for Budget 25

SLT Weekly meeting

3 December 2024

BUDGET-SENSITIVE



Department of
Conservation
Te Papa Atawhai

New Zealand Government

Agenda – updating you on the B25 process & key choices

1. Where we're at overall (progress across the 3 key submissions)
2. Analysis of grants & funds
 - Options & combinations for savings
3. Next steps

Where we're at (all submissions)

- **Drinking water submission** is largely complete – will be with DDGs to review later this week
- Have prepared talking points for MOC seeking ‘cancellation’ of the Molesworth Great Walk submission – this can be folded into any correspondence on the Grants & funds issue this week – see below..
- On ‘**Grants & Funds**’, we have crunched analysis of each funding arrangement in the MOF letter against:
 - alignment with priorities & VFM
 - constraints & risks of stopping (– contract, statutory, reputational/relationship risk, loss of third-party contribution)
 - potential for consolidation/admin cost savings (not relevant in most cases)
- **See two separate tables in your pack:** Green table (overall list) and Blue Table (deeper dive on Regional Ops Small arrangements as requested)
- Penny has also discussed with MOC the potential to write to MOF seeking a reconsideration of the quantum of savings given that many of the items in the letter are not ‘grants and funds’ in the discretionary sense *[Penny to update on this conversation at SLT]*

Grants & funds – options & combinations

Still need to plan for the possibility that everything from the MOF letter is in scope and size of the savings packages are not reduced – this means some big calls are required for the low (\$12m) option

Things to note in the tables:

- In many cases, we do not have compelling evidence of an impact on outcomes (either way), and our VFM rating is highly influenced by alignment with priorities and whether the expenditure leverages additional spend from the community/philanthropy
- Nor have we had time to explore the significance/break cost of stopping specific arrangements where there is a contract or formal agreement of some kind – early indication for Ngā Whenua Rāhui (NWRF) is that only \$1.5 p.a could be relinquished without breaching funding agreements.
- Fully stopping NWRF could also be considered a contemporary Treaty breach
- And for some items, there is only so much ‘reduction’ you could do before the arrangement becomes unviable 9(2)(g)(i)

9(2)(g)(i)

Grants & funds – options & combinations

Option packages AT FULL SCOPE (see next slide)

- Based on the steer you gave us last week, we have developed three options to get to the 'low' package (\$12m) if everything is in scope - the high option (\$24m) would require everything so no choices involved...
- You do not have to be bound by any of these – they are just designed to stimulate your thinking/weighing of options..
- In some cases, the spend provided to the original Tsy 'grants and 'funds review was simply forecast based on previous years, so we have adjusted the figures to show you only what we understand is the proposed ongoing spend within each item
- As requested, Options 2 & 3 also bring the Predator Free 2050 Ltd funding (\$5m p.a) 9(2)(g)(i) [REDACTED]
9(2)(g)(i) [REDACTED]

Draft low package options at current scope = \$12 million in reductions

Option 1	\$m
Community Conservation Fund	4.91
Nature Heritage Fund	1.30
Ngā Whenua Rāhui (would breach contracts)	4.75
9(2)(f)(iv)	
Regional Operations	0.71
Total	12.22

Option 2	\$m
Community Conservation Fund	2.94 (leaves 1.97)
Nature Heritage Fund	1.30 (leaves 0)
Ngā Whenua Rāhui	1.5 (leaves 3.25)
9(2)(f)(iv)	
Regional Operations	0.71
Predator Free 2050 Limited*	5
Total	12.00

Option 3	\$m
Community Conservation Fund	1.04 (leaves 3.87)
Nature Heritage Fund	1.30 (leaves 0)
Ngā Whenua Rāhui	0 (leaves 4.75)
9(2)(f)(iv)	
Regional Operations	0.71
Queen Elizabeth II Trust*	3.4
Predator Free 2050 Limited*	5
Total	12.00

9(2)(g)(i)

Grants & funds – options & combinations

Option One

- Uses ONLY the items listed in the MOF letter and puts ALL the grantable \$ from the three main ‘funds’ (NHF, CCF, NWRP) on the block this gives you approximately \$10.96m
- We then top this up with the 9(2)(f)(iv) and the \$0.71m forecast in Regional ops for Treaty settlement related payments
- But this comes with big relationship, Treaty, and reputational consequences – table ratings do not reflect that these are our primary mechanisms for engaging/incentivising community involvement in conservation

Option Two

- Brings the \$5m ringfenced for Predator Free 2050 Ltd into play, and uses this to mitigate reductions across your core funds 9(2)(g)(i)
- 9(2)(g)(i)
- 9(2)(g)(i)

Grants & funds – options & combinations

Option Three

- This brings into play an additional \$3.4m from QEII Trust fund (not counted in original submission to Treasury), 9(2)(g)(i)

9(2)(g)(i)

- 9(2)(g)(i)

Note: There is an additional \$2.163m in FTE coded to the NWRF appropriation on top of the \$4.75m in ‘grantable funds’.. We understand this is administration and overheads associated with the fund, 9(2)(g)(i)

9(2)(g)(i)

Grants & funds – options & combinations

Option packages AT REDUCED SCOPE

- Assuming MOC secures a reduced scope that only includes the ‘discretionary funds’, the low and high saving packages would be approx. \$5.8m & \$11.6m
- Applying the same assumption re contracts for NWRP, and assuming you can still ‘swap in’ Predator Free \$ (may be less likely if you have ruled ‘contracts’ out of scope) the options could include:

	100% (\$m)	50% Option 1 (\$m)	50% Option 2 (\$m)
Community Conservation Fund	4.91	3 (leaves 1.91)	0 (leaves 4.91)
Nature Heritage Fund	1.30	1.30	1.3
Ngā Whenua Rāhui (would breach contracts)	4.75	1.50 (leaves \$3.25)	0 (leaves 4.75)
Mātauranga Kura Taiao Fund	0.630	0 (leaves 0.63)	0 (leaves 0.63)
Predator Free 2050 Limited*	-	-	4.5
Total	11.59	5.8	5.8

Next steps & decisions required

See timeline on next slide....

- Subject to your further steer, we can draft a letter today from MOC to MOF on the scope question (this can fold in the position re Molesworth GW), and draft comms from the DG to the Secretary of the TSY
- But we may not get a response from MOF before MOC has to lodge submissions/send the formal response letter (Friday 20th)
- Given this, we seek your decisions on low/high packages for both:
 - Plan A (reduced scope: \$5.8m and \$11.6m); and
 - Plan B (full scope: \$12m and \$24m)
- We can present both of these in a summary table for the discussion with MOC next Monday 9 December.
- We will also need to be very clear on the contractual implications of bringing PF 2050 \$ into play..

Next steps

Mon 2 Dec	3 SLT update	4 MOC letter to MOF re scope	5	6 Low/High package scenarios to MOCO
	DG communications with Tsy Secretary on scope question			
Mon 9 Dec Conversation with MOC re low/high scenarios	10 Check in w SLT for review & approval	11 Draft briefing, Response letter, and Submissions to DDGs (Ruth, Mike)	12 Full package to MOC	13
Mon 16 Dec Discuss final changes with MOC	17	18	19	20 MOC letter sent/ submissions uploaded to CFISnet
	Discussion/amendment with MOC/MOCO as required			

Alex Revelant

From: Tim Saunders
Sent: Wednesday, 4 December 2024 4:22 pm
To: Penny Nelson; Ruth Isaac; Mike Tully; Sia Aston; Henry Weston; Tame Malcolm; Stephanie Rowe; Huia Forbes; Tim Bamford; Ben Hansen; Vicki Connor; Euan Brownlie; Connie Norgate
Cc: James Johnson (Policy Manager); Siân Roguski; Lucia Sobiecki; Victoria Rhodes-Carlin; Igor Milosevic
Subject: Budget 2025 briefing pack for Mon 9 Dec MOC meeting
Attachments: 4 12 24 Draft Briefing to MOC - scope of Budget 25 submissions.docx; Grants and funds summary A3 (Merged).pptx; 4 12 24 Draft MOC to MOF re Scope of Budget Submissions.docx; B25 Grants & Funds options A3 for MOC.pptx

Follow Up Flag: Follow up
Flag Status: Flagged

BUDGET AND STAFF SENSITIVE

Kia ora koutou,

Thanks for the clear steer and tough calls on this yday.

As requested, attached are the draft Briefing, summary of funds A3, letter to MOF, and an explainer A3 for the discussion w MOC on Monday on Budget 25. These are intended to work as a package, but with the explainer A3 the one doc you can just pull off to talk the Minister through things. We propose to send these over in the bag/by COP tomorrow subject to incorporating any **comments from you, so could we please request these by ASAP tomorrow?** Can Chief Advisers please line up with relevant DDGs so we just have one set of comments per business unit?

A couple of things to note:

9(2)(g)(i)

- **Huia** – we’ve made the split on savings for Whenua Rāhui under Plan B in conjunction with Connie this avo, but you might want to consider/weigh this specifically. Happy to discuss.

We will do a full proof/final formatting tomorrow once comments are incorporated.

Thanks
Tim

Tim Saunders

9(2)(a)

Principal Analyst (Fixed Term), Budget and Funding Policy
Department of Conservation | Te Papa Atawhai



Department of Conservation
Te Papa Atawhai

Briefing: Scope of Budget 2025 submissions

To	Minister of Conservation	Date submitted	5 December 2024
Action sought	Approve the attached draft letter to the Minister of Finance after discussion with officials on Monday 9 December	Priority	High
Reference	24-B-0611	DocCM	DOC-xxxxxxx
Security Level	Budget Sensitive	Timeframe	9 December 2024
Risk Assessment	High - The options outlined in this briefing have significant reputational, relationship and contractual risks		
Attachments	Attachment A – Assessment of all funding arrangements currently in scope for the 'Grants and Funds' submission Attachment B – Draft letter to the Minister of Finance Attachment C – Approach to Budget 2025 submission on 'Grants & Funds'		

Purpose – Te aronga

1. To provide initial advice on your Budget 2025 submissions and a draft letter to the Minister of Finance on narrowing the scope of DOC's grants and funds submission and withdrawing the Molesworth Great Walk initiative from consideration in Budget 2025

Background and context – Te horopaki

2. The Minister of Finance wrote to you on 15 November 2024 inviting you to submit three initiatives for Budget 2025:
 - a review of the tagged contingency for Conservation Drinking Water Infrastructure;
 - savings options in relation to DOC's 'grants and funds'; and
 - a new funding initiative for a Great Walk at Waiau-toa/Molesworth.
3. On 2 December, you agreed to discuss two key aspects of this request with the Minister of Finance before finalising your response; the scope of the grants and funds submission and your desire to withdraw the Molesworth Great Walk submission.
4. This briefing provides you with further advice on these issues, and a draft letter for the Minister of Finance for your approval.

The arrangements in scope for the ‘grants and funds’ submission include formal agreements, contracts, or joint ventures for core conservation work

5. Earlier this year, the Treasury led a review of Government grants and funds. This review asked DOC to identify:
“funding arrangements between public entities and external parties designed to support an organisation or activity without directly purchasing goods or services or funding arrangements that directly purchase goods or services that have features consistent with grant funding”
6. In good faith, we identified \$26m per annum in funding arrangements as ‘in scope’ in response. This was based on all expenditure that could possibly be interpreted as falling within the definition. However, many of these funding arrangements are not ‘discretionary funds or grants’ but are akin to contracts with third parties or co-funding contributions to joint ventures to deliver core conservation work.
7. You have now been asked to identify low (\$12m p.a.) and high (\$24m p.a.) savings options based on the information we provided. Under the current scope, stopping these funding arrangements will in some cases create contractual risks, and in many cases could damage the Crown’s reputation and relationship with key stakeholders and Treaty partners. In addition, several of these arrangements leverage significant third-party investment, providing a very strong value for money case for funding.

We recommend you write to the Minister of Finance seeking an amendment to the scope of the grants and funds included in DOC’s submission

8. As set out in Appendix A, funding arrangements currently included in the submission can be grouped into:
 - i. agreements, contracts and joint ventures for delivering specific conservation interventions
 - ii. contributions to research and databases
 - iii. contestable grants and funds (where external parties apply to DOC with various project proposals)
9. We consider that focusing the savings exercise on the contestable grants and funds is more aligned with the intent of the review and treats the conservation portfolio on the same footing as others. This would give a total value for grants and funds of approximately \$11.6m per annum, as opposed to the \$26m currently in scope.
10. We have drafted a letter to the Minister of Finance attached at Appendix B, which seeks her agreement to scale your savings packages based on this scope rather than the current scope.
11. As previously agreed with you, we have also included a request in the draft letter to the Minister of Finance to withdraw the Molesworth Great Walk submission on the basis that it does not represent good value for money.

We are preparing savings options based on the proposed scope (Plan A) and original scope (Plan B) of the grants and funding review

12. Appendix C sets out our proposed savings options under Plan A and Plan B, and the key risks and implications of each approach. We wish to discuss these with you on Monday 9 December 2024, before you send the letter to the Minister of Finance.
13. Even if the Minister agrees to the revised scope for the submission, there will still be some significant impacts for Government to consider under both the low and high options. Saving \$5.8m (50% of DOC’s total contestable funds) will remove large portions of these funds once contractual commitments are factored in. This will impact

our ability to incentivise third party involvement in conservation, which plays an important role in improving conservation outcomes over time.

Risk assessment – Aronga tūraru

14. In the limited time available, it is not possible to provide you with a comprehensive assessment or evidence of the impact of removing DOC's grants and funds on conservation outcomes. However, we know that many of these investments are being targeted at priority conservation outcomes, such as highly threatened species and ecosystems, and that they leverage significant co-funding from third parties, which means they are likely to represent good value for money.
15. We have also not had time to explore in detail the cost of stopping specific arrangements where there is a formal agreement or contract of some kind. This means that we do not have an estimate of the full cost of stopping funding, and what this means for the potential savings that can be made.
16. As all savings are on top of those put forward in the Performance Plan, there will be additional staffing implications for DOC if funds are stopped or scaled back, which we will need to work through.
17. As many of these funding arrangements have a significant public profile, there is likely to be a significant and widespread negative reaction to reduction or closure. Fully stopping Ngā Whenua Rāhui could also potentially be considered a contemporary breach of the Treaty of Waitangi.

Next steps – Ngā tāwhaitanga

18. We recommend you send the attached letter to the Minister of Finance following our discussion with you on Monday 9 December. The Director General will relay this proposal to the Secretary of the Treasury at the same time.
19. We will provide you with a full briefing on your Budget submissions ahead of your formal response letter to the Minister of Finance on Thursday 12 December. Your final response is due to the Minister of Finance on Friday 20 December 2024.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Discuss this advice with Officials on Monday 9 December 2024	Yes / No
b)	Approve the draft letter to the Minister of Finance attached to this briefing following that meeting	Yes / No

Date: / /
Ruth Isaac
Deputy Director-General Policy and
Regulatory Services

Date: / /
Hon Tama Potaka
Minister of Conservation

ENDS

Attachment A – Funding Arrangements currently included in the 'Grants and Funds' submission – Department of Conservation

Funding arrangement	Description/objectives	Alignment with priorities & VfM	Constraints and risk	Admin savings	Current annual (\$m)
Formal agreements, contracts, or joint ventures for delivering specific conservation interventions					
9(2)(f)(iv)				N/A (managed as part of general Deptl activity)	9(2)(f)(iv)
Tohu Whenua Contribution	Co-funding, multi-agency initiative with MCH & HNZ to support tourism & regional development by developing a high value experience at 26 premiere heritage visitor sites.	Medium- High: Targets investment into high value heritage conservation areas.	Withdrawal of DOC funding likely to lead to discontinuation of programme. Impact on FTE at HNZ.		\$0.130
Landscape Scale Eradication & Research Investment – ZIP (Zero Invasive Predator)	Funds direct operational delivery of predator management, research, and species management., large scale predator eradication in South Westland and Stewart Island.	High - Targets investment in high value conservation outcomes and delivery of specialist eradication and research programmes. Leverages specialist expertise, local operators, & other co-funders over multiple years.	9(2)(b)(ii), 9(2)(i)		\$6.000
Wild Animals - Wild Deer Free Northland	Longstanding partnership (since 1990) with Northland Regional Council and Iwi to return Northland to being deer free. Proven track record of successful delivery.	High - Targets investment with third parties for service delivery of deer management and eradication. Leverages regional expertise and co-funding relationships at place.	Removal of funding would exacerbate cost pressures as deer numbers increase, impacting ecologically sensitive areas, and loss of gains made since 1990.		\$0.910
Wild Animals - Kaimanawa adaptive deer management	Partnership with Sika Foundation for deer control and ecological monitoring in Kaimanawa Forest Park. Aligns with Government commitment to establish Sika deer as a Heard of Special Interest.	High - Targets investment with third parties for service delivery of deer management and ecosystem health management.	Removal of funding would have significant relationship implications with the Sika Foundation, the Game Animal Council, and wider hunting interests.		\$0.090
Contribution to Pukaha Mt Bruce	Contributes to breeding programmes for endangered species at the Pukaha Wildlife Centre in their protected habitats. Would cost DOC a lot more to fund this separately (e.g. establish protected habitats).	High - Targets investment in high value cons. outcomes (endangered species persistence) via interventions that we know are successful and leverages third-party infrastructure.	Would breach a contract and would threaten the sustainability of the Centre overtime.		\$0.200
Contribution to Zero Invasive Predators	Contributes to a joint initiative w Next Foundation for developing & delivering new pest control methods.	High – new and more innovative pest control methods are key to recalibrating costs and targeting investment to high value outcomes.	This is added to ZIP fund.		\$0.500
Contribution to Wakatipu Wilding Conifer Control Group	Contributes to a consortium of funders (landowners and local authorities) for wilding pine control. DOC contributes to the \$3 million programme.	High – Wilding pine is a high priority invasive species for control.	Likely to see other parties re-consider their contributions and would cost DOC \$1m in alternative interventions if it was still to meet its weed control targets.		\$0.240
Contribution to Mid Dome Wilding Pine Charitable Trust	Contributes to a consortium of funders for wilding pine control in Southland. The total joint programme is \$1.6 million.	High – Wilding pine is a high priority invasive species for control.	Likely to see other parties re-consider their contributions.		\$0.070
Contribution to Taranaki Mounga Project	Contributes to a joint initiative with Next Foundation & others for pest removal on Taranaki Mounga.	High – aligns with strengthening relationships w Iwi/Hapū in a high value conservation area and leverages private investment \$1m p.a.	Would breach a formal agreement and contradict significant expectation based on prev. Minister of Finance signing Tomorrow Accord to commit DOC to maintain conservation gains.		\$0.200
Contribution to Te Manahuna Aoraki Ltd	Contributes to a joint initiative in Mackenzie district to manage significant animal and weed threats.	High – targets investment in a high value conservation area and leverages a total project budget of \$20.7m over five years.	Would breach a formal agreement and contradict significant expectation based on prev. Minister of Finance signing Tomorrow Accord.		\$1.000
Contribution to Te Apiti Gorge Governance	Contributes to a local Pest Management collaboration with local authorities, Iwi/Hapū, and landowners. Contribution leverages a much higher reciprocal payment to DOC of approx. \$200k.	High – this is a high value scenic reserve with significant recreational, cultural, and educational values.	Would breach a formal agreement and likely see the Governance group reconsider its payment to DOC (i.e a net loss of \$180k p.a).		\$0.020
Southeast Marine Protection Programme	Working with Kāi Tahu, funds TRONT to support community engagement on establishment of 12 Marine Reserves.	Med – Aligns with high value conservation outcomes & strengthening relationships with Iwi/Hapū.	This programme has been established since 2023. Stopping would also harm the relationship with Kāi Tahu.		\$0.495
Grants arising from Treaty settlements	Various – some payments to Iwi/hapu to do conservation activities, others in lieu of statutory management planning agreements.	Low/Med – Aligns with strengthening relationships with Iwi/Hapū for better conservation outcomes.	Expectations for such payments will still come through negotiations for some time, and we must honour commitments already made.		\$0.760
Contributions to research/databases					
Biodiversity Data Management	Maintenance of critical databases for biodiversity and environmental reporting. Co-funded with Manaaki Whenua Landcare Research and MPI and used by regional councils for environmental data standardisation.	High - Databases are critical information infrastructure for national and international reporting obligations.	System would be shut down, loss of decision-making influence, loss of access to consolidated data.	As above	\$0.090

Funding arrangement	Description/objectives	Alignment with priorities & VfM	Constraints and risk	Admin savings	Current annual (\$m)
9(2)(f)(iv)					
Research collaborations - small scale	Research management for species and ecosystems improvements and coordination of best practice methods to assist conservation protection and investments.	Medium - Targets investment into research bodies that contribute to best practice methods for high-value conservation outcomes.	Withdrawal of funding would reduce biocontrol investigations, educational hui, public information maintenance, and training. DOC has already reduced funding for the Biocontrol research by 50%.	Minor admin savings	\$0.040
Save our Kiwi Agreement – Save the Kiwi Trust	Funds monitoring, translocation, predator control and kiwi breeding work through annual contestable funds to hapū/iwi and community-led kiwi conservation projects.	High - Leverages well-known brand and established organisational and technical expertise for predator control on range of land types (private and Māori), kiwi breeding programmes, and support community localised kiwi protection work.	Reduced funding risks DOC reputation (as the lead for threatened species), strategic risk as the Trust runs a successful model securing funding and donations, species/outcome risks – DOC does not have the capability or resourcing to achieve the Trust’s success on non-Crown land predator control and kiwi habitat protection.	NA	\$0.310
Grants/funds where DOC exercises discretion					
Nature Heritage Fund	Contestable fund established in 1990 to protect the full range of indigenous biodiversity in Aotearoa New Zealand through legal and physical protections, including direct purchasing of areas in need of protection or covenanting.	Medium - Targets investment into high-value conservation outcomes by protecting rare and threatened ecosystems on private land from logging, clearing or other damage. The fund has protected 1.3% (over 349,000 hectares) of New Zealand land for less than \$200m since 1990.	Reduced funding would limit the opportunities to protect biodiversity values on private land over the long term through land acquisition/protection. There is some reputational risk with reducing/stopping this fund, given its profile with conservation NGOs. Further cuts will make this fund non- viable for achieving its intent given admin costs and land prices.	Administrative costs could potentially be reduced by consolidating this fund with other funds and/or centralising fund and grant administration within DOC. This could involve removing the independent Committee function, which costs \$20,000 per annum.	\$1.300
Community Conservation Funds	Supports community-led conservation projects on public and private land. It is available for community groups, iwi and private landowners across New Zealand for projects that protect and restore threatened species and ecosystems. High demand - current funding round resulted in 298 applications seeking \$135 million worth of funding.	High - Targets investment into high-value conservation outcomes and strengthens relationships with Iwi/hapū for better conservation outcomes. The fund attracts co-funding and volunteer work to deliver a high return for conservation. The latest round of \$9.2m of funding leveraged an additional \$7.2m of co-funding and 120,000-150,000 expected volunteer hours towards high priority biodiversity outcomes.	Reduced funding would result in a loss of significant benefits of investing through community groups. There is high reputational and relationship risks with reducing/stopping the fund, given its high profile and as it is the only remaining government led discretionary conservation fund. It has also been identified as part of the Jobs for Nature transition plan, providing an avenue for sustaining the gains achieved by that work programme. We could introduce co-funding criteria to make up reduced funding e.g. 50/50 match funding approach.	Administrative costs could potentially be reduced by consolidating this fund with other funds and/or centralising fund and grant administration within DOC.	\$4.910
Mātauranga Kura Taiao Fund	Contestable fund which supports tangata whenua to preserve their traditional knowledge in indigenous biodiversity management, tikanga, history, stories, and practice through the handing down of that knowledge to future generations.	Medium-High - Targets investment into high-value conservation outcomes and strengthens relationships with Iwi/hapū for better conservation outcomes. Over the past 22 years, the fund has supported over 330 Māori entities, enabling greater Māori participation in the management of New Zealand’s biodiversity on private and public land and the preservation of traditional knowledge.	Reducing funding would lead to a reduction in the engagement and capacity of tangata whenua to participate in management of biodiversity, particular on whenua Māori. It could cause reputational damage to the Crown, as being seen as a less honourable Treaty partner.	Administrative costs could potentially be reduced by consolidating this fund with other funds and/or centralising fund and grant administration within DOC. This could involve removing the independent Committee function.	\$0.630
Ngā Whenua Rāhui Fund	Contestable fund established in 1991 to facilitate the voluntary protection of indigenous biodiversity on Māori owned land, while honouring the rights guaranteed to Māori landowners under Te Tiriti o Waitangi. This includes formally protecting land, developing and implementing pest management plans, and building landowner capability.	Medium-High - Targets investment into high-value conservation outcomes and strengthens relationships with Iwi/hapū for better conservation outcomes. The fund has supported the protection of approximately 185,000 hectares of private Māori land through 302 formal agreements, many of which are contiguous with National Parks and Conservation Areas, supporting conservation management at scale.	The fund has enabled 302 legal agreements to protect land, some of which stipulate agreed work that DOC will undertake to support biodiversity outcomes (e.g. pest control, monitoring). If funding is reduced, priority would be given to maintaining existing agreements and contractual obligations rather than entering into new agreements. There are significant risks if the Crown withdraws from existing agreements and/or doesn’t meet its obligations. Relationships with Māori landowners could be significantly impacted. There is potentially 1.200-2.000m that could be saved from operational spending	Administrative costs could potentially be reduced by consolidating this fund with other funds and/or centralising fund and grant administration within DOC.	\$4.750

Attachment C: Approach to Budget 2025 Submissions on ‘Grants & Funds’

Original request: submit ‘low’ and ‘high’ savings packages at \$12m and \$24m based on DOC’s submission to the review – includes formal agreements (and some contracts) for services and contributions made to joint ventures (e.g Taranaki Mounga)

Final response letter to MOF & submissions due Friday 20 Dec

Plan A

Secure MOF agreement to re-scope the exercise to exclude formal agreements, contracts for service or commitments to joint ventures (attached letter)

Submit ‘low’ and ‘high’ packages at \$5.8m and \$11.6m (50% & 100% of total contestable funds)

Plan B

If MOF response not received in time, we would still submit packages proposed for Plan A and make clear this is your preference, but also submit a \$12m reduction package based on original scope.

At this stage, we propose NOT to submit a high (\$24m) option.

In this scenario, we think the low option is 9(2)(g)(i)

However, the high (100%) option still leads to severe consequences, requiring closure of all contestable funds. This means:

- breaches of contract to Māori landowners under Ngā Whenua Rāhui
- a significant limitation on our ability to leverage third party contributions to conservation through the CCF – closure would see a widespread negative reaction and impact on our ability to maximise financial sustainability in the long-term
- likely dis-establishment of teams and people

		Low	High
Fund	Description	Savings (\$m)	
Community Conservation Fund (CCF)	Supports community-led projects that protect & restore ecosystems & species on public & private land. Last funding round of \$9.2m leveraged an additional \$7.2 in co-funding and 120,000 volunteer hours. Demand is high (current round has 298 applications for \$135m in funds).	3 (leaves 1.91)	4.91 [Entire fund]
Nature Heritage Fund (NHF)	Protects biodiversity via direct purchasing or covenanting. Has brought 1.3% of NZ under stronger protection for less than \$200m since 1990.	1.30 [Entire fund]	1.30 (Entire fund]
Ngā Whenua Rāhui (NWR)	Facilitates protection of indigenous biodiversity on Māori-owned land and makes a significant contribution to DOC’s Treaty obligations. Has supported the protection of approximately 185,000 hectares of Māori land since 1991 through 302 formal agreements.	0.87 [leaves 3.88]	4.75 [Entire fund]
Mātauranga Kura Taiao Fund (MKT)	Supports preservation of traditional knowledge in indigenous biodiversity management & practice. Has supported 330 Māori entities in the last 22 years.	0.630 [Entire fund]	0.63 [Entire fund]
Total		5.8	11.6

In this scenario, we would close CCF, NHF, and MKT funds, but could use a small number of the less constrained contributions to joint ventures to mitigate the impact on NWR

However, the reduction still required for NWR is right on the edge of viability. We would mitigate this with admin. savings, but would need to defer at least one funding round, and the pipeline of projects would be significantly reduced, impacting our relationship with Iwi/Hapū

A high (\$24m) option would eliminate almost all arrangements originally submitted, presenting the above risks, plus all the reputational/contractual risks of breaking agreements for service & joint venture contributions

Funding arrangement	Description	Savings (\$m): Low ONLY
Community Conservation Fund	As in left hand table	4.91 [Entire fund]
Nature Heritage Fund	As in left hand table	1.30 [Entire fund]
Ngā Whenua Rāhui	As in left hand table	3.45 [2m from grant funds, 1.45 admin.]
Mātauranga Kura Taiao Fund	As in left hand table	0.630 [Entire fund]
9(2)(f)(iv)		
‘Grants’ associated with Treaty settlements	Miscellaneous payments made to Iwi/Hapū to undertake conservation activity – not expected to continue at scale given savings already proposed in Performance Plan.	0.71
Contribution to Save our Kiwi Fund	Funds monitoring, translocation, predator control and kiwi breeding work through annual contestable funds to hapū/iwi and community-led kiwi conservation projects.	0.3
Tohu Whenua contribution	Multi-agency initiative with MCH & HNZ to support tourism & regional development by developing a high value experience at 26 premiere heritage visitor sites.	0.13
Total		12m

We recommend you send the attached letter to MOF seeking agreement to the re-scoping in Plan A (the DG will relay this proposal to the Secretary of the TSY to expedite a response from MOF)

We will provide you with a full briefing on Budget submissions & your formal response to MOF on Thurs 12 December – we will likely need to discuss this with you in the week of 16-20 December

Budget 2025 – Vote Conservation: Key messages and Q&A

Background – Budget 2025

- Budget 2025 will be released by the Minister of Finance on 22 May 2025.
- This Budget's Vote Conservation package is made up of:
 - Grants and Funds Review
 - Baseline Savings Programme
 - International Visitor Levy
 - Waste Levy
- These are explained in the attached documents Annex 1 (Budget Q&A) and Annex 2 (Overview of Budget 2025 Initiatives). The Budget also confirms other technical changes to appropriations.

Background – Vote Conservation funding

- The total 'Vote Conservation' budget for 2025/26 is \$811.453 million.
- In addition to ongoing Budget 2024 savings of \$31.3 million per annum for Vote Conservation, Budget 2025 makes additional ongoing savings of \$8.0 million per annum (\$7m operating and \$1m capital).
- Over the next four years, Vote Conservation will make savings totalling \$25 million operating and \$4 million capital.
- The Budget 2025 savings arise from closing or reducing grants and funds administered by DOC, and reducing capital and operating spending which doesn't align with this Government's priorities.
- At Budget 2025, Vote Conservation is receiving \$116m of IVL funding over the four years from 2025/26 to 2028/29, with an ongoing annual funding uplift of \$20m.

Key messages / talking points

- The Government is committed to building a more effective, financially efficient, and self-sustaining conservation system.
- DOC will be increasing third-party revenue for conservation, modernising the concessions and regulatory system, and getting better value for money to achieve bigger gains for conservation.
- There's additional funding for DOC from the International Conservation and Tourism Visitor Levy (IVL) as of 1 July.
- Budget 2025 delivers \$116m of IVL funding to Vote Conservation over the four years from 2025/26 to 2028/29, with an ongoing annual funding uplift of \$20m.
- This will be the largest investment from the IVL to date protecting iconic landscapes and wildlife and improving New Zealand's tourism offering. Investments will be targeted at:
 - Restoring wildlife, increasing populations of threatened species
 - Managing visitor pressures and
 - Improving services like the Great Walks
- For Budget 2025, Vote Conservation will make savings totalling \$25 million operating and \$4 million capital over the next four years. This equates to ongoing annual savings total \$8 million (\$7 million operating, \$1 million capital) for DOC.

Savings

- Like all government agencies, DOC has been directed to find savings from its baseline budget.
- Department of Conservation staff work at more than 100 locations across Aotearoa New Zealand, managing one third of the country and protected marine areas.
- DOC staff protect our native species and heritage sites and provide exceptional experiences for visitors.
- DOC's advice to Ministers on savings aimed to minimise the impact on conservation outcomes. In addition to making savings through Budget 2025, DOC needs to fund cost pressures estimated to be approximately \$15m in 2025/26 and totalling \$147m over the next four years.

Budget 2025 - Key Messages

- Vote Conservation is supporting delivery of the Government's fiscal strategy by providing \$25 million in operating savings and \$4 million in capital savings over the next four years.
- Budget 2025 savings arise from closing or reducing grants and funds administered by DOC and reducing capital and operating spending to better align with this Government's priorities.
- Over the next four years, savings arise from:
 - Closing or reducing four (4) Grants and Funds - \$11 m
 - The Baseline Savings Programme - \$18 million (capital and operating)
- DOC is receiving an additional \$116 million from the International Conservation and Tourism Visitor Levy. New investments will be announced shortly.

Budget 2025 - Savings Initiatives

Grants and Funds

Budget Ministers have agreed to savings from the following grants and funds that DOC administers:

- Closure of the Nature Heritage Fund
- Closure of the Mātauranga Kura Taiao Fund
- Ending the co-funding contribution to the Tohu Whenua Heritage Visitor Programme
- Stopping discretionary Treaty of Waitangi grant payments

Baseline Savings Programme

Through the Baseline Savings Programme, led by Minister Seymour, Budget Ministers have agreed to savings from:

- Reducing DOC's Policy Services
- Disestablishment Predator Free 2050 Limited
- Closure of the Crown Land Acquisition Fund (capital funding)

Impact of savings

- Savings made from Vote Conservation at Budget 2025 will impact DOC's ability to support mātauranga Māori and preserve traditional knowledge, the ability to acquire and purchase new land for public conservation, and discretionary support payments to Treaty partners associated with Treaty settlements.
- The disestablishment of Predator Free 2050 Limited will consolidate Predator Free 2050 programmes and funding within DOC and achieve efficiencies and cost savings while continuing to deliver on Predator Free 2050 goals.
 - Further advice on this savings initiative is found in Annex 2
- Savings from reducing policy services will not impact the delivery of significant conservation reforms that are currently underway, and is set to begin after the current tranche of work. This will however reduce DOC's policy capability over the medium-term, and further improvements to the regulatory system and outdated legislation will take longer and require DOC to tightly prioritise wider policy functions to support Ministers.

Addressing cost pressures

- Cost pressures over the next four years are expected to total \$147m.
- These cost pressures are largely driven by inflation on the Department of Conservation's operating expenditure (fuel, utilities, field, equipment, materials etc) and contractual salary increases.
- This will have an impact on DOC's operating expenditure, programmes, and services.
- DOC has been identifying areas where it could cut back while having the least overall impact on people and conservation outcomes.

Annex 1: Budget 2025 Q&A

What is the Department of Conservation's Budget for 2025/26?

DOC's total Budget for 2025/26 is \$811.453m.

What are the total savings DOC is making as part of Budget 2025?

- DOC will reduce or end four grants and funds, reduce non-essential policy functions, and disestablish and absorb Predator Free 2050 Ltd, providing a total of \$25.494 million operating and \$4.000 million capital over 4 years.
- In addition to Budget 2025 savings, DOC is reprioritising \$15 million of baseline funding in 2025/26 to manage cost pressures. As with most Government agencies, Budget 2025 does not provide DOC with any new funding to address wider cost pressures, which will need to be met within existing baselines.
- In total, DOC has total savings of \$5.783m in 2025/26

Will there be an impact on FTE at the Department of Conservation from these savings? Will any frontline roles be disestablished as a result of the cost savings?

- There will be a reduction in FTE in the Policy Directorate. Savings from a reduction in policy staffing numbers will not impact the delivery of significant conservation reforms currently underway but will reduce DOC's policy capability over the medium-term.
- There are no planned reductions in frontline roles as part of Budget 2025.

How will the closure of land purchase funds (Nature Heritage Fund and the Crown Land Acquisition Fund) impact DOC's ability to acquire new public conservation land?

- The Government priorities for Conservation include recalibrating the Department's costs associated with being a land manager and target high-value conservation outcomes. The closure of these funds will reduce duplication and reduce spending which does not align with the Government's priorities.
- DOC will still have the ability and funding to purchase new land, such as acquiring new Reserves, and will continue to support protection of high value ecosystems through other existing tools and organisations (such as Ngā Whenua Rau and covenanting).

How will the disestablishment of PF2050 Ltd impact the delivery of the Predator Free 2050 goal?

You will receive additional communication advice on the disestablishment of PF2050 Ltd and the Predator Free 2050 Strategy.

- The Government is committed to the Predator Free 2050 goal. Earlier this month, it released a discussion [document](#) for public consultation to determine focus areas over the next five years.
- As DOC is the system lead for Predator Free 2050, DOC will continue its strategic leadership, supporting community, iwi, and non-government partnerships across the country to achieve the Predator Free 2050 goal, advancing predator control with greater cost efficiency.
- DOC will continue to work with its partners and stakeholders on sustainable, large-scale, and cost-effective predator control tools and practices to protect our unique biodiversity.
- DOC will assume responsibility for existing contracts with third parties entered by the Company. The cost savings do not affect existing project contracts.

How did the Department of Conservation assess the impacts of the proposed savings?

- The Department of Conservation assessed the performance of invited budget initiatives, including what outcomes the programmes were achieving and how they aligned with Government's wider objectives, and the impact of any reduction in funding.
- The factors considered included DOC's objectives for biodiversity, recreational experiences, improving Treaty relationships, and empowering communities to deliver conservation outcomes.
- Overall, DOC's advice to Ministers on the savings initiatives aimed to minimise the impact on conservation outcomes.
- Ultimately, Ministers made the decisions about which savings to pursue at Budget 2025.

Will stopping some of these funds affect Treaty relationships or Crown-Māori relations?

- While no longer providing discretionary Treaty settlement grants, DOC will continue to work with PSGEs to implement Treaty Settlement obligations and work towards its strategic goal to be an honourable Treaty partner.

- The closure of the Mātauranga Kura Taiao Fund will reduce DOC's ability to directly support Māori to preserve traditional conservation knowledge. However, the Ngā Whenua Rāhui fund remains open and can support similar activities for Māori landowners to protect biodiversity.

Is the Department of Conservation looking at increasing revenue?

- I have asked the Department of Conservation to explore options to unlock third-party revenue for conservation, new private and philanthropic partnerships, and introducing charges for accessing parts of the visitor network.
- I will announce the outcomes of this work in due course.

Why is DOC not receiving all the additional funding from the IVL increase?

- The Minister of Finance has decided to allocate \$35 million per year for new Tourism spend and \$55 million per year for Conservation spend from 2025/26 onwards.
- The remaining IVL revenue, above the \$90 million for new spending, will continue to be invested within the Tourism and Conservation portfolios but will replace existing Crown spending. This will result in fiscally neutral outcomes for tourism and conservation but fiscally positive outcomes for the Crown.
- Use of the IVL revenue in place of existing Crown funding will apply particularly to funding for Tourism New Zealand, New Zealand Cycle Trails, and the Department of Conservation.
- These activities will retain their current overall levels of funding, but the proportion funded by the IVL revenue will vary year to year depending on the total amount of IVL revenue collected.

Annex 2 – Overview of Budget 2025 initiatives

Grants and Funds Review

The Minister of Finance undertook a review of DOC's grants and funds with a view to create savings and improve efficiency.

As a result, Budget 2025 includes the closure of four DOC-run grants and funds, totalling \$11 million over the next four years.

Closure of Nature Heritage Fund

- The Nature Heritage Fund is a contestable fund which protects biodiversity through direct acquisition of land or legal land protections.
- The closure will reduce DOC's ability to purchase land, establish protective legal instruments, and fund land exchanges for the permanent protection of indigenous biodiversity.
- DOC will still have the ability and funding to purchase new land, such as acquiring new Reserves, and will continue to support protection of high value ecosystem through other existing tools and organisations (such as Ngā Whenua Rāhui and covenanting).
- The closure of this fund supports consolidation and efficiency by removing duplication of funding for legal protection of land.

Ending co-funding contribution to the Tohu Whenua Heritage Visitor Programme

- Tohu Whenua is a visitor-focused programme that tells stories and promotes heritage at some of New Zealand's premier heritage sites.
- The current co-funding contribution sits between DOC, the Ministry of Culture and Heritage, and Heritage New Zealand, for the coordination of visitor destinations and promotion of heritage experiences at these sites.
- The Tohu Whenua programme will remain, and DOC will contribute through future IVL funding, however DOC's withdrawal from the co-funding agreement via this grant may result in no new heritage site promotion, limited coordination of the sites, and reduced storytelling of heritage and Māori cultural values by Heritage New Zealand.

Closure of the Mātauranga Kura Taiao Fund

- This fund fosters the development and retention of mātauranga Māori in a conservation context, supporting engagement and capacity of tangata whenua to participate in the management of indigenous biodiversity.
- The closure removes available funding for tangata whenua to preserve their traditional knowledge in indigenous biodiversity management, tikanga, history, stories, and practice.
- The Ngā Whenua Rāhui fund remains available for tangata whenua to access funding for biodiversity protection on Māori land, including mātauranga Māori in conservation.
- Existing contracts and funding agreements will be fulfilled.

Ending discretionary Treaty of Waitangi grant payments

- Discretionary payments have been made to support Treaty of Waitangi settlement implementation. This funding has supported payments to Treaty partners associated with statutory management planning processes or payments to undertake conservation activities.
- These payments are not part of DOC's obligations under Treaty of Waitangi settlements. Stopping these discretionary payments will not impact settlements.

Baseline Savings Programme

The Associate Minister of Finance invited the Minister of Conservation to identify new savings initiatives through the Baseline Savings Programme.

This assessed programmes for value for money and examined the rationale for Government intervention.

Closure of Crown Land Acquisition Fund

- This capital fund is for unique or bespoke land purchases which do not fit the remit of other land purchase appropriations. This appropriation is used on an ad hoc basis when required but has not been used in the last three years.
- While a full closure of the fund limits DOC's ability to make future acquisitions of land and restricts flexibility to respond to new opportunities, DOC considers that future land acquisition opportunities/needs could be addressed on a case-by-case basis.

Reduction in policy services

- The Policy Directorate provides advice to Ministers, ensuring DOC and the wider conservation system has the correct regulatory and other settings in place to deliver the Government's outcomes and priorities for conservation effectively and efficiently.
- The Policy Directorate has increased since 2017/18, allowing DOC to undertake more work delivering Government priorities, and providing advice for Ministers to improve DOC's operating environment and administration.
- Savings arising from the reduction in policy services will not impact the delivery of significant conservation reforms currently underway but will reduce DOC's policy capability over the medium-term.
- This means further improvements to the regulatory system and outdated legislation will occur over a longer time period and require DOC to tightly prioritise wider policy functions to support Ministers.

Disestablishment of Predator Free 2050 Limited

You will receive further communication advice on the disestablishment of PF2050 Ltd and the Predator Free 2050 Strategy.

- In 2016, Cabinet established Predator Free 2050 Limited as a charitable company. The company's role was to attract third party investment and distribute funding to Predator Free projects and invest in research and innovation.
- Recently (April 2025), Cabinet agreed to disestablish the Company and transfer its functions to others.
- This creates savings of \$3.6m per year, which represents the cost of running the Company.
- DOC will continue as strategic system lead for Predator Free 2050, and support community, iwi, and non-government partnerships across the country to achieve the goals of Predator Free 2050, advancing predator control with greater cost efficiency.
- DOC will continue to work with partners and stakeholders on sustainable, large scale, and cost-effective predator control tools and practices to protect our unique biodiversity.
- DOC will assume responsibility for existing contracts with third parties entered by Predator Free 2050 Ltd. These cost savings will not affect existing project contracts.

International Conservation and Tourism Visitor Levy

You will receive separate advice on additional IVL funding and new investments.

- DOC will receive an additional \$116 million for the International Conservation and Tourism Visitor Levy (IVL). This is made up of time-limited \$32 million of funding (previously returned to the Crown), the allocation of \$80 million in new funding from the increased levy rate, and a \$4 million transfer from MBIE.
- In 2019, DOC returned \$32 million of IVL funding to the centre as a result of the revenue tracking approach. At Budget 2025, Ministers agreed to fund this shortfall from the Budget 2025 operating allowance. This additional funding is time-limited over four years for existing committed projects.
- As a result of the new \$100 levy fee, DOC was allocated an additional \$20 million per year from the IVL revenue (\$80 million over the forecast period), bringing DOC's total IVL funding to \$55 million per year.
- You have taken decisions on the 2025/26 investment projects and will be provided with additional briefings to support announcements of these projects.

- One technical initiative at Budget 2025 was a transfer of \$4m of Tourism IVL funding from Vote Business, Science, and Innovation to Vote Conservation, so DOC can deliver improvements along the Milford Road corridor.

Waste Levy – funding swap

[Noting that Ministry for the Environment are lead on this]

- The waste levy is collected under the Waste Minimisation Act 2008, in which levy revenue can be spent on activities which reduce environmental harm or increase environmental benefits.
- Ahead of Budget 2025 Ministers, including the Minister of Conservation, the Minister of Finance, and the Minister for the Environment, agreed to further savings through swapping funding for existing Crown funded programmes with Waste Levy funding.
- At Budget 2025, Cabinet agreed to ‘swap’ funding for three DOC programmes for four years only. There is no impact on the amount of funding available for these programmes.
- These initiatives are:
 - The DOC Community Fund (Community Conservation Fund)
 - Ngā Whenua Rāhui
 - Zero Invasive Predators Partnership

VOTE CONSERVATION BUDGET 2025 INITIATIVES						
Initiative	2024/25	2025/26	2026/27	2027/28	2028/2029	Total (\$m)
Grants and Funds						
Tohu Whenua Heritage Visitor Programme – Ending Co-Funding Contribution	-	(0.130)	(0.130)	(0.130)	(0.130)	(0.520)
Mātauranga Kura Taiao Fund – Preserving Traditional Knowledge for Biodiversity Management – Closure	-	(0.547)	(0.663)	(0.663)	(0.663)	(2.536)
Nature Heritage Fund – Protection of High-Value Ecosystems – Closure of Programme	-	(1.303)	(1.303)	(1.303)	(1.303)	(5.212)
Treaty of Waitangi Grants - Ending Discretionary Payments Associated with Settlements	-	(0.710)	(0.710)	(0.710)	(0.710)	(2.840)
Tagged contingency – total \$7.160m to 2029/2030						
Conservation Drinking Water Infrastructure Programme – Ensuring Compliance Tagged Contingency – Efficiency Savings- from 2024/25	(0.460)	(0.214)	(0.821)	(0.533)	(0.493)	(2.522)
Capital:	(3.110)	(1.026)	-	-	-	(4.136)
Baseline Savings Programme						
Crown Land Acquisition – Closure of Fund – Baseline Savings Programme (capital)	-	(1.000)	(1.000)	(1.000)	(1.000)	(4.000)
Policy Advice - Reduction in Policy Services - Baseline Savings Programme	-	(0.293)	(0.293)	(0.600)	(0.600)	(1.786)

Predator Free 2050 Limited Disestablishment – Consolidation of Predator Free 2050 Collective Delivery Model	-	(1.800)	(3.600)	(3.600)	(3.600)	(12.600)
International Visitor Levy						
International Visitor Levy – Aligning Appropriations to Collected Levy Revenue	-	8.000	8.000	8.000	8.000	32.000
International Visitor Conservation and Tourism Levy – Conservation Funding Uplift (funded outside the allowance)	-	20.000	20.000	20.000	20.000	80.000
Milford Opportunities Project – Transfer of International Visitor Conservation and Tourism Levy Funding from Vote Business, Science and Innovation (technical initiative)	-	4.008	-	-	-	4.008

Annex 3 – Overview of DOC staff numbers

- Overall, DOC's staff numbers have stayed relatively stable over the past four years.
- Our organisation-wide change process that occurred through April to July 2024 saw us remove a net 124 positions from the organisational structure but only resulted in 38 redundancies.
- The Department continues to have a strong focus on fiscal discipline and each business unit seeks to find efficiencies where it can.
- Our most recent FTE and headcount numbers for the 2024/25 financial year can be found in the table below.
- The staff totals as of 31 March are higher year on year compared with the end of June figures. That is because fixed term staff who undertake seasonal work from late September to early April continue to be represented in the figures.
- NB: These figures are expected to reduce by 250-300 staff by 30 June 2025 as fixed term employment of seasonal staff ends.

Staff Numbers (Permanent + Fixed)	Mar 2025	Jun 2024	Jun 2023	Jun 2022	Jun 2021
FTE	2,736.93	2,532.69	2,554.23	2,465.45	2,535.77
Head Count	2,838	2,632	2,663	2,564	2,632

Staff numbers (FTE) as of 30 June for the last 10 years

30 Jun	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Perm	1,645.12	1,650.8	1,600.9	1,633.9	1,738.8	1,818.8	1,987.5	2,121.6	2,079.08	2184.03	2,300
Fixed	323.38	305.3	327.3	358.6	385.3	464.7	425.9	414.1	386.37	370.20	232.7
TOTAL	1,968.5	1,956.1	1,928.2	1,992.6	2,124.1	2,283.5	2,413.5	2,535.8	2,465.45	2,554.23	2,532.7

End of June figures are treated as the 'static' figures that don't include our seasonal staff.

Department of Conservation Budget 2025 overview

DOC's baseline funding will increase by \$26 million in 2025/26 because of Budget 2025, with an ongoing baseline uplift of \$12 million.

An ongoing annual uplift of \$20 million has been allocated to the Department of Conservation through the International Visitor Conservation and Tourism Levy (IVL) resulting from the recent rate increase to \$100. This funding will support New Zealand's status as a world-class destination by ensuring that our wildlife, forests and marine areas continue to be a drawcard for international visitors.

Additional time-limited IVL funding of \$36 million has been provided to progress previously endorsed projects and make improvements along the Milford Road corridor.

Like other government agencies, DOC was directed to find savings from its baseline by reducing funding and grant payments to third parties that are not aligned to government priorities. This has resulted in ongoing annual savings of \$3m by reducing grant payments to the Mātauranga Kura Taiao Fund, the Nature Heritage Fund, ending a co-funding contribution to the Tohu Whenua Heritage visitor programme run by the Ministry of Culture and Heritage, as well as ending discretionary grant payments associated with Treaty of Waitangi settlements.

Further ongoing baseline savings of \$5m per annum have been achieved by closing the Crown Land Acquisition Fund, decreasing Policy services functions, and disestablishing the Predator Free 2050 Ltd Company.

Budget 2025 initiatives

DOC's Budget 2025 new spending initiatives include:

- A \$20.000 million annual ongoing increase in IVL funding resulting from the recent rate increase to \$100.
- A \$32.000 million time-limited increase until 2028/29 in IVL funding that had previously been returned to the Crown.
- A \$4.008 million time-limited increase in IVL funding to deliver improvements along the Milford Road corridor as part of the Milford Opportunities Project.

DOC's Budget 2025 savings initiatives include:

- A \$0.600 million ongoing reduction in Policy services functions.
- A \$1.000 million ongoing reduction from the closure of the Crown Land Acquisition fund.
- A \$0.663 million ongoing reduction from the closure of the Mātauranga Kura Taiao Fund and a return of all uncommitted funding.
- A \$1.303 million ongoing reduction from the closure of the Nature Heritage fund, whose purpose was to purchase and acquire land for public conservation.
- A \$3.600 million ongoing reduction from the disestablishment of Predator Free 2050 Limited. This closure will consolidate the functions and Predator Free 2050 capabilities within the Department of Conservation and result in greater efficiencies.
- A \$0.130 million ongoing reduction by ending the Department of Conservation's funding contribution to the Ministry of Culture and Heritage to support the Tohu Whenua Heritage Visitor Programme.

- A \$0.710 million ongoing reduction from the cessation of payments of discretionary grants associated with Treaty of Waitangi settlements. Existing contractual commitments will be fulfilled and, as these are discretionary grants, the savings do not impinge on the Crown's ability to meet its relevant Treaty settlement obligations.

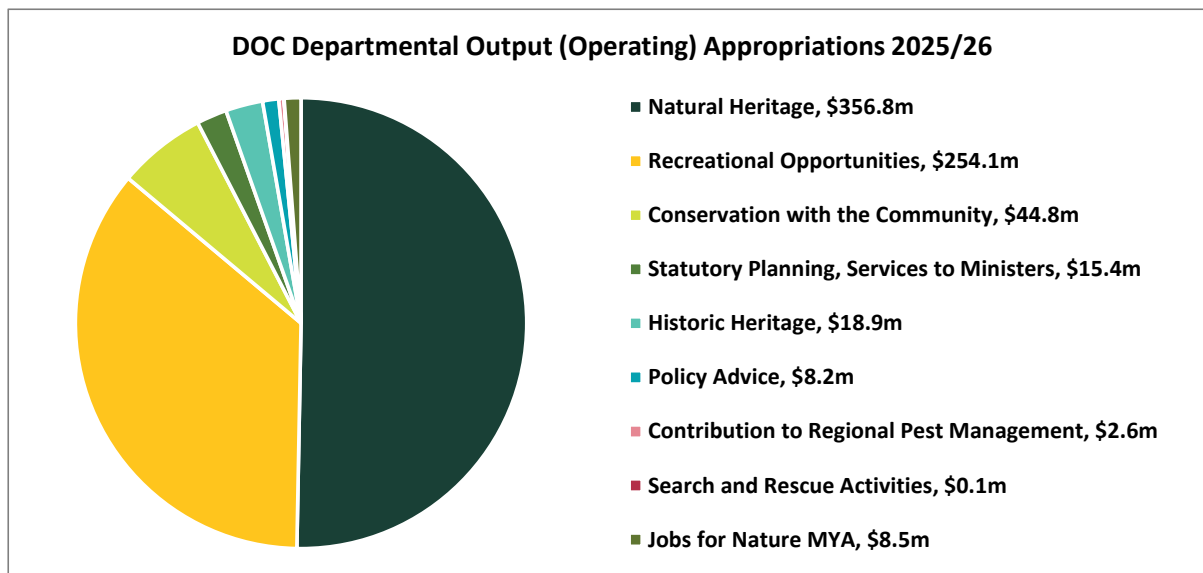
DOC's 2025/26 departmental appropriations

DOC's departmental output appropriations are increasing by \$45m, from \$664 million in 2024/25 to \$709 million in 2025/26.

The increase in 2025/26 appropriations is driven by \$32m of new Budget 2025 IVL funding in 2025/26 and \$14 million of other time-limited baseline adjustments including funding transfers from 2024/25. These are offset by \$1 million of Budget 2025 savings.

The department will continue to adapt to remain financially sustainable in the current challenging fiscal environment while delivering maximum outcomes to benefit New Zealand.

The following chart shows DOC's departmental output appropriations in 2025/26:



Trend in DOC's appropriations

Vote Conservation has two main components:

- Departmental spending, which includes DOC's operating and capital budget.
- Non-departmental spending, which DOC spends on behalf of the Crown, e.g. grants to community conservation funds and the protection of biodiversity on private and Māori land.

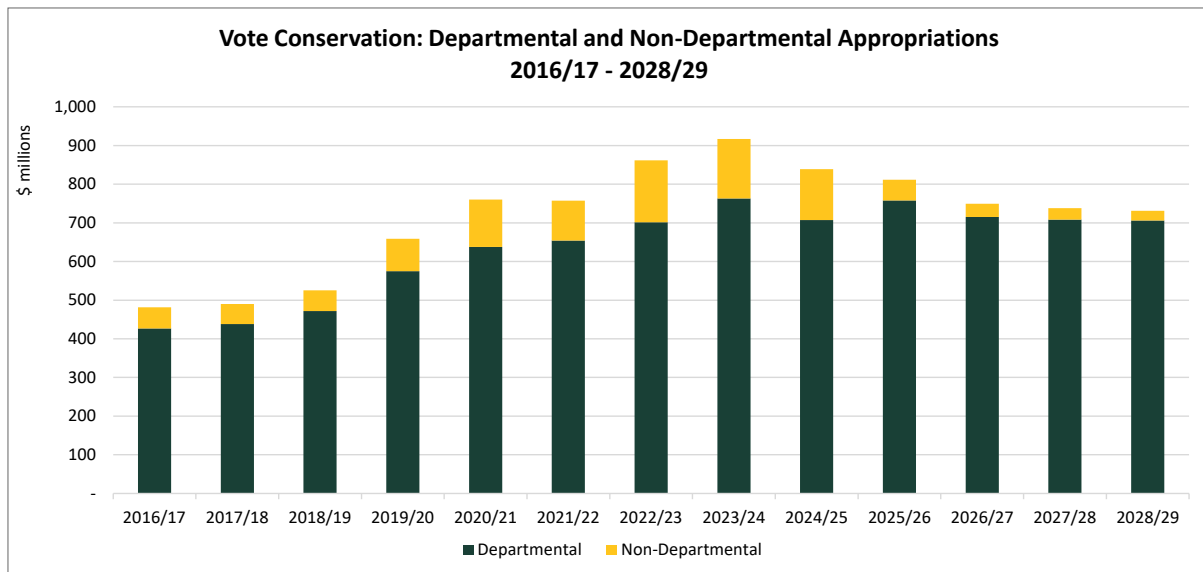


Chart notes:

- Appropriations pre 2025/26 are per Supplementary Estimates for each Financial Year.
- Appropriations from 2025/26 onwards are per Main Estimates 2025/26 and are subject to change pending future budgets and baseline adjustments.
- Tagged contingency funding has been excluded.

The graph above shows how DOC's departmental appropriations (including operating and capital) and non-departmental appropriations (including operating and capital) have changed over time.

The changes in departmental and non-departmental appropriations since 2018/19 have been driven by temporary funding increases from the Covid Recovery and Relief Funds received at Budget 2020 (primarily the Jobs for Nature programme), ongoing additional funding provided through Budget 2022, savings realised at Budget 2024 and IVL funding increases that were provided at Budget 2025.

The following initiatives were funded at each Budget (the dollar amounts refer to the first five years of total budget funding):

Budget 2016 Battle for our Birds (\$20.7m) Funding for Game Animal Council (\$0.6m) Accelerating Predator Free New Zealand (\$28.0m) Budget 2016 total (\$49.3m)	Budget 2022 Collective delivery of the Predator Free 2050 Strategy (\$63.6m) Addressing inflationary and wage pressures (\$120.1m) Fit for purpose recreation assets (\$32.4m) Deer management and goat control (\$30.0m) Legislative and regulatory compliance (\$28.0m) Maintaining Tiakina Nga Manu Programme Levels (\$26.9m) Corporate Property (\$25.0m) Protecting our cultural heritage (\$13.2m) Marine protection and localised management actions (\$14.2m) Reducing extinction risk for key flagship marine species (\$7.1m) Passenger Vehicle Electrification Project (\$10.1m) Whakapapa 3 Waters Infrastructure (\$15.5m) Cyclone Dovi Recovery (\$7.5m) Maximising Carbon Storage: Natural Sequestration (\$3.4m) Dolomite Point Redevelopment Project (\$3.0m) Budget 2022 total (\$400.1m)
Budget 2017 Tourism Growth Infrastructure - Maintenance (\$54.1m) Tourism Growth Initiative - New Walks (\$21.8m) Battle for Our Birds (\$21.3m) Port Hill fires (\$4.8m) Marine Protection and Development (\$0.8m) Regional Growth Programme (\$0.4m) Christchurch accommodation funding transfer to MBIE (-\$2.2m) Budget 2017 total (\$100.9m)	Budget 2023 Public Sector Pay Adjustment (\$17.5m) 2023 North Island Weather Events (\$12.6m) Molesworth Recreation Reserve (\$24.2m) Budget 2023 total (\$54.3m)
Budget 2018 Predator control (\$81.3m) Biodiversity Contingency (\$76.0m) Organisational capability (\$16.2m) Visitor management (\$5.5m) Biodiversity in Mackenzie Basin (\$2.6m) Budget 2018 total (\$181.6m)	Budget 2024 Reduction contracts, consultants and back office functions (-\$45.0m) Reduction in Legal, Regulatory and Partnerships functions (-\$6.5m) Return of funding - Contaminated Sites Programme (-\$8.0m) Return of funding for the Kermadec Ocean Sanctuary (-\$19.3m) Return of funding for the Jobs for Nature Programme (-\$55.4m) Back-office transformation funding transfer to DIA (-\$0.8m) Budget 2024 total (-\$135.1m)
Budget 2019 International Visitor Levy (\$106.2m) Improving Safety and Security (\$10.7m) Provincial Growth Fund (\$0.3m) Reprioritisation SILNA (-\$1.9m) Reprioritisation Heritage Property (-\$1.0m) Budget 2019 total (\$114.3m)	Budget 2025 Closure of Maturanga Kura Taiao Fund (-\$2.5m) Closure of Nature Heritage Fund (-\$5.2m) Ending co-funding of Tohu Whenua Heritage Programme (-\$0.5) Ending discretionary Treaty of Waitangi grant payments (-\$2.8) Closure of Crown Land Acquisition Fund (-\$4.0m) Reduction in Policy Services (-\$1.8m) Disestablishment of Predator Free Limited (-\$12.6m) IVL - Milford Road Corridor Improvements (\$4.0m) IVL - Time-limited funding uplift (\$32.0m) IVL - Ongoing funding uplift (\$80.0m) Budget 2025 total (\$79.9m)
Budget 2020 Jobs for Nature: - Kaimahi for Nature (\$200.0m) - Restoring Nature (\$154.2m) - Protecting Nature (\$147.5m) Remuneration Cost Pressures (\$15.2m) Ngai Tai Supreme Court Decisions (\$7.9m) Southern South Island Flood Recovery contingency (\$13.7m) Provision for Bad and Doubtful debts (\$5.0m) Budget 2020 total (\$543.6m)	
Budget 2021 Preserving Concession Funding (\$10.0m) Budget 2021 total (\$10.0m)	

ENDS

Budget 2025 outcome - key numbers:

Budget 2025 outcome - SUMMARY	2025/26	2026/27	2027/28	2028/29	4YR TOTAL	2029/30 & ongoing
IVL	32.008	28.000	28.000	28.000	116.008	20.000
Grants and Funds reductions	(2.690)	(2.806)	(2.806)	(2.806)	(11.108)	(2.806)
Baseline savings programme	(3.093)	(4.893)	(5.200)	(5.200)	(18.386)	(5.200)
	26.225	20.301	19.994	19.994	86.514	11.994

IVL comprises:	2025/26	2026/27	2027/28	2028/29	4YR TOTAL	2029/30 & ongoing
IVL - new funding	20.000	20.000	20.000	20.000	80.000	20.000
IVL - previously committed initiatives	8.000	8.000	8.000	8.000	32.000	-
IVL - Milford Opportunities project	4.008	-	-	-	4.008	-
	32.008	28.000	28.000	28.000	116.008	20.000

Grants and Funds reductions comprises:	2025/26	2026/27	2027/28	2028/29	4YR TOTAL	2029/30 & ongoing
Tohu Whenua Heritage visitor programme	(0.130)	(0.130)	(0.130)	(0.130)	(0.520)	(0.130)
Mātauranga Kura Taiao Fund	(0.547)	(0.663)	(0.663)	(0.663)	(2.536)	(0.663)
Nature Heritage Fund	(1.303)	(1.303)	(1.303)	(1.303)	(5.212)	(1.303)
Treaty of Waitangi discretionary grants	(0.710)	(0.710)	(0.710)	(0.710)	(2.840)	(0.710)
	(2.690)	(2.806)	(2.806)	(2.806)	(11.108)	(2.806)

Baseline savings programme comprises:	2025/26	2026/27	2027/28	2028/29	4YR TOTAL	2029/30 & ongoing
Closure of Crown Land Acquisition fund	(1.000)	(1.000)	(1.000)	(1.000)	(4.000)	(1.000)
Reduction in Policy Services	(0.293)	(0.293)	(0.600)	(0.600)	(1.786)	(0.600)
Disestablishment of Predator Free 2050 Limited	(1.800)	(3.600)	(3.600)	(3.600)	(12.600)	(3.600)
	(3.093)	(4.893)	(5.200)	(5.200)	(18.386)	(5.200)

Other key numbers to be aware of:

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 & ongoing
IVL						
Total Baseline IVL funding for new initiatives	35.000	55.000	55.000	55.000	55.000	55.000

Cost pressures	2025/26	2026/27	2027/28	2028/29	4YR TOTAL
Salary increases	(6.500)	(12.600)	(18.800)	(25.100)	(63.000)
General inflation increases	(8.000)	(16.000)	(24.000)	(32.000)	(80.000)
Depreciation increases	-	-	(1.000)	(3.000)	(4.000)
* to be absorbed through the Performance Plan	(14.500)	(28.600)	(43.800)	(60.100)	(147.000)

Vote	2024/25	2025/26	2026/27	2027/28	2028/29
Departmental operating baseline (OPEX)	664.355	709.408	669.734	662.859	660.859
Total Vote Conservation *	838.654	811.453	749.598	737.957	731.164

*** includes Departmental OPEX & CAPEX, and non-Departmental OPEX & CAPEX.**

Minister's Budget Pack Comms – PF2050 Ltd

The overall plan

- The Government has decided to disestablish Predator Free 2050 Ltd (the Company), and this will be announced as part of Budget 25 on 22 May.
- Key Messages and Q&As have been prepared for the Minister (below)
- The Company Chair and CEO will be advised by you on 22 May at 10am. The Director General accompanied by Steph Rowe and Sia Aston (DD-Gs) will attend this meeting and be available to discuss any matters with the Chair immediately following.
- As the Company has been highly visible, it is important that DOC is proactive in its leadership role in PF2050 to ensure that a perceived leadership vacuum doesn't occur.
- DOC leadership will have a schedule of engagements with key stakeholders from immediately after the announcement. They will be equipped with the key messages, tailored to their respective audiences.
- Communications and three-month transition plans are being developed to guide DOC through this transition stage with the Company and their existing projects.

Key messages for the Minister

- The Government is committed to the Predator Free 2050 goal, building on the great progress New Zealand has made to safeguard our unique native species.
- Predator Free 2050 has been embraced by New Zealanders and thousands of community groups, councils, iwi, researchers and innovators are doing great work towards this goal.
- The Government continues to back the programme one hundred percent.
- The Predator Free 2050 programme has inspired communities, incentivized innovation, ramped up predator control work and initiated diverse predator eradication projects across the country – and we can see and hear the results, for example:
 - More than 8,500 trapping projects are now taking place across the country
 - Predator Free South Westland is tracking to remove predators from over 100,000 hectares by 2025.
 - Predator Free Wellington has removed predators from the Miramar peninsula resulting in a 91% increase in native birds.
- With nearly ten years since this ambitious goal was announced, it's time to consolidate the Predator Free 2050 programme to ensure it is efficient and achieving maximum impact with the Government's investment.
- The Government has decided to close the Crown-owned company, Predator Free 2050 Ltd, to streamline the Predator Free 2050 system and, remove duplication.
- This is part of the Government's drive for cost savings across the public sector to improve its efficiency and address broader financial constraints.
- Part of the Company's role is duplicated across the predator free system. For example, in the funding of research, science and technology development.
- Closing the Company will save the Government \$3.6m annually from 2026/2027. The current Company projects are not impacted.

- DOC will continue to support the Company's existing contracts including funding and technical assistance.
- Since it was established in 2016, Predator Free 2050 Ltd has used public funds, largely through Jobs for Nature and the Provincial Growth Fund, to invest in predator free projects and tools, however these funding streams are coming to an end. Therefore, it's timely that the Government think about its approach to investment.
- The Company's passion and commitment of both the Board members and staff to the Predator Free 2050 goal is acknowledged and appreciated. Their engagement with the wider predator free community and funding of the 18 landscape projects, has been pivotal to the high public awareness of the PF2050 programme.
- As the lead agency for Predator Free 2050, DOC is well placed to take up the work undertaken by the company. For example, it has just delivered the multimillion-dollar Jobs for Nature programme which is nearly complete.
- DOC is already leading key PF2050 work including its successful National Predator Control Programme over 1.8m hectares (20%) of public conservation land, leading edge tool development, and complex island eradications, as well as leading the strategy for PF2050.
- I have made it clear to DOC that they must demonstrate leadership of the Predator Free 2050 programme, including greater outreach and engagement with the thousands of New Zealanders working towards the PF2050 goal.
- DOC will be actively listening to those involved in Predator Free 2050 on what they need to maintain the gains they've made and strengthen their contribution towards the PF2050 goal.
- I recently announced the consultation with the public on the next steps for the long-term Predator Free 2050 Strategy.
- DOC will work closely with Predator Free 2050 Ltd to support a well-managed transition process for Company-funded projects by the end of 2025.

Q&As for the Minister

1. Why is the Government closing Predator Free 2050 Ltd?

The Government has decided to close the company to streamline the Predator Free 2050 programme and achieve maximum impact from public funds.

This decision is part of the broader drive for cost savings announced in Budget 2025. The Government is committed to reducing its costs across the public sector – including public entities like Predator Free 2050 Ltd – to improve efficiency and address broader financial risks and uncertainties.

Closing Predator Free 2050 Ltd will remove duplication, make the overall PF2050 programme more efficient and provide better value for money.

2. Is the Government stepping back from Predator Free 2050?

No, the Government remains one hundred percent committed to the Predator Free 2050 goal. This is demonstrated by the Government's overall investment in the Predator Free programme and commitment to reviewing the Predator Free 2050 Strategy. On behalf of the Government, DOC is currently seeking public feedback on the next steps towards this ambitious goal including new interim goals to achieve by 2030, the list of target predators, and what people and groups need to keep up their predator free work. This consultation process includes engaging with predator free groups and leaders across the country to ensure DOC hears their important concerns, aspirations, and needs. All feedback will be considered to inform the next Strategy to 2030.

3. How much money has the government committed to achieving the goal so far?

The government is currently investing approximately \$70M per annum into achieving Predator Free. This money is a mix of funding to DOC for Predator Free work, funding to PF2050 Ltd and IVL funding to support Predator Free projects. PF2050 Ltd received an additional \$76 million from the Jobs for Nature fund and \$19.5 million from the Provincial Growth Fund. That funding has now come to an end.

4. How much will this decision save?

It will save \$3.6 million per year from 2026/27 in company operating costs.

5. Will this money be reinvested in the Predator Free programme?

\$3.6 million per year will be returned to the Government. These savings are from the Company's operating costs only. The funding for Predator Free projects will be administered by DOC alongside their other Predator Free investment.

6. How does closing down PF2050 Ltd streamline the programme?

The Government has decided to close the Company primarily to improve efficiencies and achieve greater impact from public funds. Benefits will include:

- Reduce duplication in Government funding of research, science and tool development. Predator Free 2050 Ltd's role duplicates work by other agencies such as DOC.
- Ensure clear leadership and a simplified structure for the Predator Free 2050 programme with a single Government's lead agency - DOC.
- Prioritise investments in Predator Free activities in line with the revised Strategy

7. How quickly will this happen?

The company will be wound down by December 2025.

8. How many staff are affected by the closure?

Fourteen staff and four directors.

9. What will happen to the predator free projects funded by the company?

Over the coming months, the predator free projects will be transferred to DOC to manage. DOC will continue to support all existing contracts for the company's predator free projects including funding and technical assistance.

DOC will work closely with Predator Free 2050 Ltd to support a well-managed transition process.

10. Will DOC be given extra resources to take on this work?

The operating costs of this additional work will be absorbed with DOC's baseline funding. As the Government's lead agency for PF2050, the additional work of funding predator free groups, providing technical support, collaborating, and investing in innovative technologies fits within DOC's role and skillset. The remaining funds of \$2.3 million that the Company has been allocated will be transferred to DOC for investment in future Predator Free projects.

11. Does DOC have the capacity to take this on when you're already having to prioritise?

DOC is the lead government agency for the Predator Free 2050 system and programme. Absorbing the company's work fits with DOC's existing activities. DOC values the opportunity to step up and lead more predator free work as a key pillar of protecting New Zealand's unique biodiversity. As DOC engages the public on the strategy for the next five years of the PF2050 programme, they're eager to listen to people and groups involved in predator free and understand how DOC can best support their work.

12. What will happen to these projects longer term?

All the projects have existing funding investment end dates. As part of the revised Predator Free 2050 Strategy, future initiatives for government investment in the Predator Free programme will be decided. This includes the science and technology innovations to sustain large-scale predator eradications across New Zealand. Other funders, such as councils, iwi/hapū, businesses, philanthropists and NGOs, will also continue investing in predator free projects. We are all committed to getting the best outcomes for nature.

13. Why didn't the Government wait until after the PF2050 strategy review before making this decision?

The Government remains committed to the Predator Free 2050 goal and revising the strategy for the next five years. However, there is a need for cost savings from all public entities and improvement in efficiencies and value now, which the outcome of the strategy review won't change. The decision is timely as the new goals and focus areas of the Predator Free 2050 Strategy Review are currently out for public consultation.

14. Was the company's failure to raise revenue a factor in the decision?

The Government has decided to close the company to streamline the Predator Free 2050 programme and achieve maximum impact from public funds. This is a fiscal decision and part of the boarder drive for cost savings announced in Budget 2025.

The Company was established, in part, to raise funds from philanthropists and businesses. A charitable, Crown-owned company model was specifically chosen for this purpose. This is an expensive model to operate. In the nearly ten years since the Company was established, our approach to attracting and allocating funds for projects has changed.

15. There's been some criticism that DOC's leadership of Predator Free is not visible

I have made it clear to DOC that they must demonstrate leadership of the Predator Free 2050 programme, including greater outreach and engagement with the thousands of New Zealanders working towards the PF2050 goal.

DOC is currently leading a review of the Predator Free 2050 Strategy and is consulting with the public on the next steps towards this ambitious goal including new interim goals to achieve by 2030 and the list of target predators. DOC will summarise what we heard from New Zealanders during this consultation and report back to me to ensure we strengthen the Predator Free 2050 programme.



Briefing: IVL funding package for 2025/26

To	Minister of Conservation	Date submitted	28 January 2025
Action sought	Agree 2025/26 IVL funding package	Priority	Normal
Reference	25-B-0001	DocCM	DOC-7852339
Security Level	In Confidence		

Risk Assessment	Medium Risk of negative reaction from stakeholders due to not all revenue being directed to additional spending	Timeframe	12 February 2025
Attachments	Attachment A – Proposed 2025/26 IVL conservation investment programme Attachment B – 2024/25 funded projects (for reference)		

Contacts	
Name and position	Phone
Stephanie Rowe, Deputy Director-General Biodiversity Heritage and Visitors	9(2)(a)
Tim Bamford, Chief Advisor Biodiversity Heritage and Visitors	9(2)(a)

Executive summary – Whakarāpopoto ā kaiwhakahaere

1. The Minister of Finance has requested a plan for spending \$55m of International Visitor Conservation and Tourism Levy (IVL) conservation funding for 2025/26 in line with the Minister of Finance's objectives of increasing visitor numbers, sustainable growth, and delivering high-value investments.
2. We have prepared a funding package made up of two programmes for your consideration:
 - Restoring unique wildlife and supporting thriving landscapes in National Parks and priority visitor sites (\$33m).
 - Exceptional visitor experiences at our popular places (\$22m).
3. New Zealand's natural environment is a major driver of international tourism, and these investments support that driver by protecting and restoring that environment, whilst also managing the impacts of high visitor numbers at our popular destinations.
4. The Minister of Finance will arrange a meeting with you and the Minister for Tourism and Hospitality to discuss the overall investment package for the IVL. Once the package is agreed, it will be communicated as part of Budget 2025.
5. There is an opportunity to announce the agreed 24/25 IVL conservation funding package (see Attachment B) at the upcoming Bluegreens conference (total of \$33m - \$13m for visitor and \$19m for biodiversity). If you also wish to announce IVL funding for 2025/26 you should consult with the Minister of Finance because she is intending to make the announcement as part of Budget 2025. Together this would be a total package of \$52m for biodiversity and \$35m for visitor work.

We recommend that you ... (Ngā tohutohu)

		Decision
1.	Note that from 2025/26 onwards there will be \$55m of discretionary IVL conservation expenditure each year.	
2.	Note that the Minister of Finance has set objectives of increasing visitor numbers, sustainable growth and delivering high-value investments for the 2025/26 funding package.	
3.	Agree to our proposed 2025/26 funding package, comprising: <ul style="list-style-type: none"> Restoring unique wildlife and supporting thriving landscapes in National Parks and priority visitor sites (\$33m) Exceptional visitor experiences at our popular places (\$22m) 	Yes / No Yes / No
4.	Agree to announce the agreed 2024/25 funding package at the upcoming Bluegreens conference.	Yes / No
5.	Agree to announce the proposed 2025/26 funding package at the upcoming Bluegreens conference, noting you would need to discuss this with the Minister of Finance.	Yes / No
6.	Note that the Minister of Finance is intending to make announcements about IVL funding for 2025/26 as part of the Budget.	



Date: 28/01/2025

Stephanie Rowe
Deputy Director-General Biodiversity
Heritage and Visitors

Date: / /

Hon Tama Potaka
Minister of Conservation

Purpose – Te aronga

1. To seek your agreement to the proposed \$55m International Visitor Conservation and Tourism Levy (IVL) conservation investment package for 2025/26.

Background and context – Te horopaki

2. The Minister of Finance wrote to you on 29 December 2024 outlining her decisions on how the additional revenue from increasing the IVL to \$100 per person should be allocated.
3. An additional \$15m per year is being allocated for new investment in the conservation portfolio. This brings the total amount available for new investment each year to \$55m, which will be baselined from 2025/26. This is a change from the current approach where funding fluctuated year to year based on visitor numbers.
4. Any revenue raised beyond \$55m per year will be 'swapped out' for existing Crown funding within Vote Conservation. This will be fiscally neutral for DOC and fiscally positive for the Crown.
5. The Minister of Finance requested you provide an investment plan for spending the 2025/26 revenue by the end of February 2025, guided by the objectives set out below. She also set an expectation that DOC should propose fewer, but more substantive projects, which deliver high-value conservation objectives in areas of interest to international visitors.

IVL funding will focus on visitor numbers, sustainable growth and delivering high-value investment

6. The Minister of Finance will establish a process for setting shared priorities for the IVL in future years. For 2025/26 she has identified the following objectives across both the conservation and tourism portions of the IVL.

Visitor numbers

7. Increasing visitor numbers to maximise the economic contribution tourism makes to New Zealand:
 - Prioritise recovery and growth of visitor numbers.
 - Reduce seasonal visitor variance in high variance regions by transforming New Zealand into a year-round destination.
 - Identify high-growth potential countries and grow the market share of visitors from those countries.
 - Increased infrastructure capacity to attract and support visitors.

Sustainable growth

8. Enhancing the visitor experience, managing the impact on the conservation estate and retaining public consent to allow for continuous growth:
 - Preserve and enhance a world class conservation estate.
 - Enhance regional dispersal of visitors outside the main tourist centres.
 - Retain and enhance the social contract.

Delivering high value investment

9. All investments funded by the IVL need to demonstrate robust value for money and alignment with overall Government priorities, including:

- Strong investment discipline.
 - Whole of life costing.
 - Cohesive decision-making process.
10. All investments must deliver high value and must be in line with at least one of the bullets under the 'visitor numbers' or 'sustainable growth' objectives.

We have prepared an investment package in line with these objectives

11. We previously provided you with a medium-term investment plan for IVL funding (24-B-0557 refers). In her letter, the Minister of Finance said she was satisfied the priorities in this briefing were sufficiently aligned with her strategic investment approach.
12. We have reviewed and refined this plan to prepare a \$55m package in line with the objectives and expectations set out in the Minister of Finance's letter. This would allocate all of the IVL revenue DOC will receive in 25/26.
13. We propose two programmes of work, to be sequenced over the next 3 financial years.
- a) Restoring unique wildlife and supporting thriving landscapes in National Parks and priority visitor sites (\$33m).
 - b) Exceptional visitor experiences at our popular places (\$22m).
14. Attachment A provides a breakdown of the projects under these programmes and an assessment against the objectives set out by the Minister of Finance.
15. The biodiversity investments included in the programme in 12 a) have been informed by the Biodiversity Planning Approach. We filtered projects based on the Minister of Finance's objectives and were then able to select projects we are confident will deliver the highest value for conservation.
16. Some of these projects would be top priorities for future IVL funding (e.g. wilding pines, predator control and visitor maintenance). Over the coming months we will work with you to confirm a longer-term programme of work utilising the ongoing IVL funding, which will seek to fund longer-term work within the two proposed work programmes.

Our proposed investments will enhance the natural environment as a key driver of international tourism

17. Research by Kantar for Tourism NZ shows that landscapes and scenery is a strategic brand driver for New Zealand, meaning it has a higher impact on decision making for potential tourists in choosing NZ.¹
18. New Zealand is associated with the image of being lush, green, clean and sustainable as a tourist destination, in line with the 100% Pure New Zealand marketing.²
19. International Visitor Survey data supports this finding. 'Landscapes and scenery' was the top factor in deciding to visit New Zealand, identified by 37% of respondents.³
20. Our proposed investments in restoring unique bird species and supporting thriving landscapes will support this image and help meet the expectations of tourists when they come to New Zealand. The investments will increase the chance of tourists seeing lush green forest, hearing and seeing native birds, and experiencing the stunning scenery of New Zealand closer to its natural state.

¹ Active Considerer Monitor, Tourism NZ 2024.

² Intentions to travel to New Zealand – Active Considerer deep dives. Tourism NZ 2023. The role of sustainability in destination and operator choice. MBIE and Tourism NZ 2023.

³ International Visitor Survey Q3 2024.

Our proposed investments will improve the visitor experience and help maintain social licence for increasing visitor numbers

21. Improving infrastructure and levels of service at popular sites will improve the visitor experience and help to address concerns of overcrowding by better managing impacts.
22. The investment in expanding the Tohu Whenua programme, which promotes cultural heritage sites as tourist destinations, will support regional dispersal of visitors outside the main tourist centres.
23. Communicating the benefits of IVL investments for biodiversity and managing visitor pressures will help maintain the social license for increasing visitor numbers by showing the contribution international visitors are making.

Before funding is released, we will develop business cases for each project

24. Once the investments are approved, DOC will develop business cases outlining how and when the funding will be spent, what outcomes will be achieved, and the milestones to be delivered.
25. We will work with The Ministry of Business, Innovation, and Employment (MBIE) to develop biannual reporting on the IVL, providing greater transparency and accountability around IVL investments.

Announcement of IVL conservation funding packages

26. The agreed 2024/25 IVL funding package is yet to be announced (ref 24-B-0624 and list of projects in Attachment B), and a draft media release is with your office.
27. There is an opportunity to announce the agreed 24/25 IVL conservation funding package at the upcoming Bluegreens conference.
28. If you wish to make any announcement about IVL funding for 2025/26 you should consult with the Minister of Finance because she is intending to make the announcement as part of Budget 2025.
29. Together this would be a total package of \$52m for biodiversity and \$35m for visitor work.

Risk assessment – Aronga tūraru

30. There may be a negative reaction from tourism and conservation stakeholders when the allocation decision is made public at the Budget. This is because not all of the money from the increase is being directed to new spending; rather some of it is being used to replace existing Crown spending.
31. There has been recent media coverage of the decision-making process around the rate increase. This may put more scrutiny on the level of funding committed to new projects.
32. The objective of continuous growth may cause concern among conservation stakeholders. Prior to COVID there were growing concerns over high visitor numbers putting pressure on infrastructure and causing environmental damage.⁴ This risk can be mitigated by highlighting the investment in addressing visitor pressures at popular sites, the emphasis on dispersing visitors around the country, and the biodiversity gains from IVL investments.

Linkages with other Budget processes (BUDGET SENSITIVE)

33. As part of Budget 2025, DOC was asked to submit savings options from grants and funds (24-B-0603 refers). Savings options included in that submission includes some

⁴ [Impact of visitor numbers a concern for tourist hotspots | RNZ News](#)

overlaps with the programmes put forward for IVL funding in this briefing -for example, a \$130k p.a. contribution to programme management for the Tohu Whenua programme. The IVL investment in expanding Tohu Whenua will rely on that programme management and so funding will need to be reprioritised to meet that cost if it is cut through the grants and funds exercise.

34. Also included in savings options in the grants and funds submission are contributions to large scale predator control programmes such as Zero Invasive Predators (which are co-funded by philanthropic groups). There is a risk that cancelling these grants will damage relationships with groups such as the NEXT Foundation, who we intend to work with on predator control investments from the IVL.
35. There is also the possibility that further savings will be required through the Baseline Savings Programme (25-B-0012 refers). These savings may target similar activities to the proposed IVL investments. This creates a risk that the Government is seen to be 'swapping out' more IVL revenue for Crown expenditure. This will be poorly received by tourism and conservation stakeholders and is at odds with the Minister of Finance's objective of using the IVL to grow visitor numbers.

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

36. Most 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

37. MBIE are supportive of the proposed package. They also indicated they are going to propose changes to the IVL objectives to include increased spend as well as increasing visitor numbers.
38. Treasury provided feedback that IVL funding is intended to enable DOC to make significant investments over time by supporting multi-year planning processes. They think the plan would benefit from a smaller number of more significant investments including ongoing investment where appropriate as well as additional reassurance that the investments will achieve tangible and measurable results.
39. Based on the direction in the letter from the Minister of Finance we have prepared a package based only on the funding for 2025/26, we agree that some of the funded projects would benefit from ongoing funding, we will work with you over the coming months to develop a longer-term approach to IVL funding now that we have certainty of funding. We will work with Treasury to address their concerns ahead of presenting the package to the Minister of Finance.

Financial implications – Te hīraunga pūtea

40. Once approved by you and the Minister of Finance, this package will allocate all \$55m of new investment from the conservation portion of the IVL for 2025/26.
41. Additional IVL conservation revenue above the \$55m will be allocated to the Services for Conservation Multi Category Appropriation, with a matching reduction in Crown funding. The total amount of the appropriation will remain the same, but the proportion funded by IVL revenue will vary year to year. This will be fiscally positive for the Crown and fiscally neutral for DOC.

Legal implications – Te hīraunga a ture

42. There are no legal implications, all proposed spending is in line with the hypothecation set out in the Immigration Act 2009.

Next steps – Ngā tāwhaitanga

43. The Minister of Finance will arrange a meeting with you and the Minister for Tourism and Hospitality to discuss the overall investment package for the IVL. Once all IVL ministers have agreed to the package it will be included in Budget 2025 and communicated along with the Budget.
44. There will be a similar process to allocate the \$55m for 2026/27, however we aim to use this process to allocate multi-years of IVL funding.
45. Now that we have certainty of the IVL funding level over time, DOC will develop a refreshed longer-term investment plan for the IVL. The plan will identify the strategic direction of the biodiversity and visitor programmes, to which new or scaled-up projects can be added annually.
46. If you agree to announce the 2024/25 IVL package at the Bluegreens conference, we can support your office in pulling together material. If you also want to announce proposed 25/26 priorities, you would need to discuss this with your IVL Minister colleagues.

ENDS

The objectives of the IVL are to:

- Increase visitor numbers to maximise the economic contribution tourism makes to New Zealand
- Enhance the visitor experience, managing the impact on the conservation estate and retaining public consent to allow for continuous growth
- Demonstrate robust value for money and alignment with overall Government priorities.

Conservation investments deliver against these objectives in the following ways:

- As New Zealand's environment is a major drawcard for international visitors, preserving and enhancing our world class conservation lands maintains this drawcard and helps to ensure visitors' expectations of New Zealand are met.
- Showcasing the benefits of IVL investments helps to maintain the social license for tourism by highlighting the contribution that international tourists are making to conservation.
- Investing in our most popular visitor sites improves the visitor experience, which helps to encourage more visitors while managing their impacts on the environment.
- Improving biodiversity and heritage across the country creates more potential destinations for visitors to enjoy, dispersing the benefits of tourism outside the main tourist centres.

Programme and description	Project and description	25/26	27/28	28/29	Alignment with conservation and visitor criteria	Alignment with value for money
<p>Restoring unique wildlife and supporting thriving landscapes in National Parks and priority visitor sites</p> <p>This will improve the experience visitors have in national parks and popular places with increased bird, mammal and plant life, achieved through increased control of possums, rats, stoats, weeds and goats.</p>	<p>Restoring unique wildlife in national parks, islands and popular sites through:</p> <p>Expanding landscape scale predator control (aerial 1080) for possums, rats and stoats in our National Parks and at popular visitor sites.</p> <p>Additional work in National Parks and priority sites, to grow populations of iconic bird species, and enable DOC to boost predator control in priority areas in response to beech masts when needed.</p> <p>Maintaining gains from Tomorrow Accord (NEXT Foundation) landscape scale projects (including aerial predator control in <i>Abel Tasman</i>).</p> <p>Goat management in National Parks and popular visitor areas where damage results in visitors experiencing forests with limited understory.</p> <p>Large goat populations will, over time, remove key native species and our forests will visibly look in poor health to visitors. This will improve the visual landscape and the bird and plant life.</p> <p>Priority locations for focus:</p> <ul style="list-style-type: none"> • <i>Whanganui National Park</i> (aligned with the River Journey) • <i>Kahurangi National Park</i> • <i>Paparoa National Park</i> • Iconic landscapes of <i>Central Otago</i> and <i>Marlborough</i>. • Sites with nationally critical and endangered threatened species that are impacted by goats <p>In some places it is viable to eradicate (totally remove) goats, creating huge cost efficiencies over the long-term, and reducing the impact of goats on forests.</p> <p>Priority locations include:</p> <ul style="list-style-type: none"> • <i>Westland Tai Poutini National Park</i> • <i>Kaimai Forest Park</i> (with strong partner contributions from regional government and iwi). <p>Increasing populations of threatened species in national parks, islands and popular sites that visitors come to see</p> <p>While increased weed and predator control will help many threatened species, there are targeted actions needed to ensure recovery of our most threatened and iconic species. Initial focus will be on:</p> <ul style="list-style-type: none"> • Funding the recovery of priority, highly threatened species that occur in national parks and high visitation sites so that visitors can enjoy thriving natural areas where their funds have contributed. • Enhancing biodiversity on islands in popular visitor areas: Ensuring appropriate protection is in place for biosecurity on high priority islands, e.g.: <i>Hen and Chickens</i>, <i>Rangitoto</i>, <i>Tiritiri Matangi</i>, <i>Motutapu</i>, <i>Poor Knights</i>, <i>Kapiti</i>, <i>Anchor</i>, <i>Ulva</i>, <i>Coromandel (Mercury Group)</i> and <i>Marlborough Sounds Islands</i>. Also includes targeted eradication of pests on small islands where this will significantly enhance visitor experiences in a region. • Kea: managing tourist interactions in <i>Fiordland</i>, <i>Westland</i>, <i>Aoraki</i>, <i>Aspiring</i> and <i>Arthurs Pass National Parks</i>, to prevent harm to kea. • Improving conservation of Hector's and Māui dolphins and managing marine mammal interactions in high tourism areas. • Managing quality of Fiordland crested penguin interactions for tourists while safeguarding nesting areas in <i>South West World Heritage Area</i>. • Increasing protection of biodiversity in popular marine reserves focused on improving visitor education and experiences: Increasing compliance, monitoring and pest species control at our most popular marine reserves including the <i>Poor Knights</i>, <i>Cape Rodney-Okakari Point (Goat Island)</i>, <i>Te Whanganui-o-Hei (Cathedral Cove)</i> and <i>Fiordland marine reserves</i>. 	-	1.85	2.3	<p>Preserve and enhance a world class conservation estate</p> <p>Will ensure the condition of conservation land improves in our most popular and famous areas.</p> <p>Will ensure that the forests around our iconic places are thriving as well as supporting New Zealand's lush image and ensuring visitors have outdoor experiences.</p> <p>Will enhance and protect high priority and iconic threatened species in places where visitors are most likely to see and interact with them.</p> <p>Will enhance biodiversity on islands where there are high numbers of visitors in the area, and where the habitats and species are highly sensitive to the presence of visitors.</p> <p>Will enhance and protect biodiversity within marine reserves with high visitation rates.</p>	DOC's National Predator Control Programme is well established, with successful results for threatened species protection. The project needs to be able to scale appropriately, ensuring past investment in predator control is not wasted. Increasing work here will build on and attract further partner investment into large scale eradications and predator control projects, and allow us to continue to test improvements in efficiency and effectiveness of methods.
		2.3	2.3	2.3		
		2.75	3.55	5.2		<p>This increase in funding will enable elimination of isolated populations of goats to stop them spreading further and requiring more intensive management. It will also fund priority knockdown control and maintenance, so that past investment has not been wasted.</p> <p>While scaled-up predator control benefits some threatened species, site and species-specific actions will be required to increase populations at high risk.</p> <p>Management of islands is generally one of the best and most cost-effective methods of protecting ecosystems and species that reside there. This is because they are less vulnerable to re-invasion and visitors can be more easily managed.</p> <p>It is more cost-effective to restore species early, than to mitigate damage after it has been done.</p> <p>Providing visitors with clear interaction rules and education will reduce a significant risk to marine reserves and the species and ecosystems within them. This will ensure that all the resources used in the reserves are maximising outcomes.</p>

Programme and description	Project and description	25/26	27/28	28/29	Alignment with conservation and visitor criteria	Alignment with value for money
	<p>Supporting thriving landscapes in our National Parks and at popular visitor sides through:</p> <p>Stopping the spread and remove wilding conifers from iconic landscapes that visitors come to see and associate with NZ.</p> <p>Wilding conifer control is needed around some of our most affected and iconic popular visitor sites, with the current National Wilding Conifer Control Programme (MPI-led) funding not sufficient to suppress or maintain the increasing problem (MPI estimate \$20m/annum additional funding needed to their current \$10m/annum baseline).</p> <p>IVL funding is proposed to complement MPI's programme - focussing effort on high-visitation, high-biodiversity places on or near PCL and completing a quality job of preventing, eradicating or controlling spread.</p> <p>Priority locations include:</p> <ul style="list-style-type: none"> 24/25: <i>Wakatipu, Aoraki</i> and the <i>Mackenzie country</i> and <i>Rangitoto</i> (from current IVL funding). 25/26: Expand priority maintenance at conservation sites with MPI programme. <p>Managing weeds at iconic sites that visitors come to see and associate with NZ</p> <p>Weeds are currently a significant issue for visitors to many iconic visitor places. Weeds can reduce the suitability of places to home iconic threatened species (e.g. kakī and braided river birds).</p> <p>Initial work would include:</p> <ul style="list-style-type: none"> Boosting eradication efforts for marram in <i>Rakiura National Park</i>. Managing weeds in iconic <i>Mackenzie Basin</i> to <i>Central Otago</i> areas (e.g., Lindis Pass, Mackenzie lakes and drylands areas). Inland, mountains-to-sea weed control – <i>Kaikoura, Clarence</i> and <i>St James</i>. Targeting weeds in our iconic <i>Northland</i> places such as <i>Mt Manaia, Bream head, North Cape, Te Pahi</i>, to protect a range of critical habitats and species. <i>Aoraki National Park</i> and <i>Tasman Braided River</i> weed control to protect landscapes, vistas and critical habitats in one of the most highly visited tourist sites. Boosting weed control in <i>Abel Tasman</i> and surrounds. Acting now will prevent spread and maintain gains from philanthropic investment. <p>Investment in the development of Smart Weed Alert Tool (SWAT), that will allow us to detect new weeds when they first invade – at national, regional, and local scales.</p>	3	*priority for future IVL funding	*priority for future IVL funding	<p>Preserve and enhance a world class conservation estate</p> <p>Will enhance the condition of our famous and popular landscapes, ensuring natural habitats thrive, and visitors find it easier to experience pristine natural environments.</p> <p>Will enhance the condition of our famous and popular landscapes through management of pressures, ensuring plants and animals thrive, and visitors find it easier to experience pristine natural environments.</p>	<p>To maintain gains of previous knockdown investment, a sustainable level of control is required. Costs of wilding conifer control increase by approx. 30% per year, so early action prevents long-term liability.</p> <p>This increase in funding will enable elimination of priority weed populations to stop them spreading further and requiring more intensive management. It will also fund priority some ongoing control, so that past investment has not been wasted.</p>
	TOTAL COST OF BIODIVERSITY PROJECTS	\$10.2M	\$9.9 M	\$12.9M	\$33M	
<p>Exceptional visitor experiences at our popular places</p> <p>This includes better experience management, ensuring we are adequately maintaining our toilets, carparks, bridges and shelters, and providing modern and adequate amenities.</p>	<p>Managing visitor pressures</p> <p>Managing visitor sites under pressure from growing visitor numbers requires focussed investment:</p> <ul style="list-style-type: none"> Increased resourcing to manage visitors at peak times. Improving levels of service in visitor centres in National Parks and additional rangers over the busy season/s to be more visible to visitors. Investment to support work on front country facilities, parking and visitor flows, managing waste and undertaking compliance (e.g. concessions checked, campsite fees paid, drone use permitted etc.). Destination management: focused management of complex visitor issues across DOC's most highly visited and high value sites (e.g. <i>Milford Sound Piopiotahi, Aoraki / Mt Cook, Franz Josef, Tongariro National Park, Waipoua Forest</i>). <ul style="list-style-type: none"> <i>Milford Sound Piopiotahi</i> – begin implementation of experience improvements along the corridor. Further IVL funding would be required in year 3 and beyond to complete the proposed \$8.5M package of improvements. <i>Aoraki / Mt Cook</i> – Development of a management plan and begin implementation of the plan. Further funding would be required in year 3 and beyond to fully implement the plan. High volume key sites: Projects to provide fit-for-purpose visitor experiences at high volume sites (e.g. <i>Goat Island, Rangitoto, Matiu/Somes Island, Cathedral Cove, Blue Pools</i>). <ul style="list-style-type: none"> <i>Matiu/Somes Island</i> visitor experience plan to improve management of site following the wharf 	\$4.3	\$7.1	\$2.2 *priority for future IVL funding	<p>Increased infrastructure capacity to attract and support visitors</p> <p>Investing in our growing visitor sites encourages more visitors by improving the visitor experience, while managing their impacts on the environment.</p> <p>Investment will enhance the visitor experience and better manage the impact of visitors at peak times.</p>	Investment focusses on improvements to some of our highest profile sites, creating fit-for-purpose and practical solutions to issues with increased visitation.

Programme and description	Project and description	25/26	27/28	28/29	Alignment with conservation and visitor criteria	Alignment with value for money
	replacement.					
	Managing core visitor products Funding for improvements to achieve and maintain minimum service levels for DOC-led visitor experiences (e.g. Great Walks, Short Walks, Day Hikes, Overnight tramps, scenic spaces, campsites and biking) and for experiences DOC has a key role in delivering with others (e.g. Great Rides, Te Araroa Trail, Tohu Whenua). <ul style="list-style-type: none"> Investment in Great Walks to ensure walks remain up to standard (funding for years 1 and 2 only). Investment to lift the standard of 326 campsites. Includes additional resources to manage campsites effectively (funding for years 1 and 2 only). Roll-out of Tohu Whenua tourist sites. Delivers multiple sites across eight regions over three years. 	\$3.2	\$3.7	\$1.5	Increased infrastructure capacity to attract and support visitors Will enhance regional dispersal of visitors outside the main tourist centres and help provide high quality, year-round and varied experiences.	Investment focusses on DOC's core visitor destinations and experiences, like Great Walks and campsites, ensuring we are meeting standards and expectations. Investment will also focus on experiences with partners, maximising investment opportunities.
	TOTAL COST FOR VISITOR PROJECTS	\$7.5	\$10.8	\$3.7	\$22M	
TOTAL		COST OF TOTAL PROGRAMME OVER 3 YEARS			\$55M	

Attachment B: 24/25 funded projects (for reference)

Project	Expected outcome of investment	24/25	25/26	26/27
Addressing pressures at our popular visitor sites				
<p>Piopiotahi / Milford project First phase of work to implement changes at Milford Sound Piopiotahi and along the corridor:</p> <ul style="list-style-type: none">Cultural representation at place – Gateway Pou WhenuaImplementing an action plan for new planning and funding arrangements, infrastructure delivery (including public / private partnerships) and tackling the concessions backlog <p>Please note, this work is dependent on direction/decisions from Cabinet and more detailed work is required to develop a work programme over 2.5 years.</p>	Better experience for visitors at Milford Sound	<p>\$0.4m</p> <p>Installation of Pou Whenua at entrance to the National Park in Year 1.</p>	<p>\$0.9m</p> <p>Years 2-3: Concessions backlog work and concessions plan, Prepare new Area Plan and Access Charging at Milford post-leg change.</p> <p>Infrastructure delivery plan</p>	<p>\$0.9m</p> <p>Years 2-3: Concessions backlog work and concessions plan, Prepare new Area Plan and Access Charging at Milford post-leg change.</p>
<p>Summer visitor pressures The number of visitors is continuing to increase. International visitor arrivals in 2023/24 were 87% percent of pre-COVID-19 (185,300 in June 2024, compared to 213,500 in June 2019). As a result, DOC is experiencing significant pressures at a range of popular tourist destinations around the country, for example, Aoraki / Mt Cook, which has 1 million visitors per year.</p>	Better experience for visitors at popular sites by providing increased levels of service.	<p>\$0.3m</p> <p>Improve levels of service at huts and toilets, the visitor centre and, at the carpark and on tracks in Aoraki Mt Cook in Year 1.</p>	<p>\$0.6m</p> <p>The same again in Year 2 at Aoraki Mt Cook, with an improved experience at one additional location in Year 2 (e.g. Franz Josef).</p>	
<p>Cape Rodney – Ōkakari Point Marine Reserve (Goat Island / Te Hāwere-a-Maki): Goat Island is among the top 10 most visited natural heritage areas in the country, with significant potential to upgrade the visitor experience, generate revenue, and advocate for conservation. This reserve has 350,000 visitors per year, but the facilities are significantly run down. New Zealand’s first marine reserve is 50 years old next year.</p>	An improved experience for visitors reflective of an Icon site, including better reflection of the cultural heritage and increased revenue.		<p>\$1m</p> <p>25/26 focused on the amenity area, lower carpark and paid parking implementation.</p>	<p>\$1m</p> <p>26/27 delivering interpretation, upper carpark, traffic flow and infrastructure improvements.</p>
<p>Te Motutapu ā Taikehu (Motutapu Island): The island has high visitor numbers, though many visitor assets are currently in need of repair or closed. Investment will focus on upgrading the Home Bay campground and ablution block (Year 2) to improve the visitor experience. Upgrading the Home Bay wharf in Year 3 will enable a higher volume of visitors and larger vessels, including by Explore Group. This will drive an increase in revenue via concession fees.</p>	An improved campground and ablution block at Home Bay and upgraded wharf.		<p>\$0.5m</p> <p>25/26 delivering new showers and cooking area and upgraded ablutions</p>	<p>\$0.5m</p> <p>26/27 delivering upgraded wharf.</p>
<p>Rangitoto (Peretū): The island is among the most visited protected natural heritage places in the country, and a potential premier destination for Aucklanders and visitors in the Hauraki Gulf. There is an urgent need for an upgrade of the visitor arrival area, including new interpretation, new roof and upgraded kiosk. Fullers pay a \$3.30 per passenger landing fee. This investment will increase visitor demand, driving revenue generation.</p>	An improved visitor experience with upgraded visitor arrival area in 25/26.		<p>\$0.5m</p> <p>Focus on upgrade of ablution block at Rangitoto wharf, and of arrival kiosk to provide power for a commercial concessionaire.</p>	
<p>Safety of visitor structures: DOC manages 550 cable structures (Suspension Bridges, Swing Bridges, Three Wire Crossings and Cableways) on Public Conservation Land. This work will result in upgrading and replacing 116 cable structures to ensure that all have structural redundancy installed – meaning that if a critical component fails, the structure wouldn’t collapse.</p>	Confidence that high-use cable structures in popular areas are well maintained.	<p>\$1m</p> <p>Planning for work. Initiation of build of 10 bridges.</p> <p>Up to 20 bridges upgraded.</p>	<p>\$2.2m</p> <p>Build of new bridges ongoing.</p> <p>20-50 bridges upgraded.</p>	<p>\$3.2m</p> <p>Completion of new bridges</p> <p>30-70 bridges upgraded.</p>
TOTAL VISITOR SPEND		\$1.7m	\$5.7m	\$5.6m
	Three-year total (includes \$4.3M depreciation and ongoing opex costs for life of assets)			\$13M
Biodiversity				
<p>Expanding landscape scale predator control: Undertake aerial predator control in Rakiura National Park to reduce impact of cats and rats on critically endangered Southern Dotterel birds.</p>	Protection of critically endangered Southern Dotterel in Rakiura National Park across approximately 35,000ha.	<p>\$0.5m</p> <p>Preparation including consents, purchase of bait and getting the area prepared.</p>	<p>\$2.5m</p> <p>Delivery of control across approximately 35,000ha.</p>	
<p>Expanding landscape scale predator control: Expand DOC’s National Predator Control Programme to other National Parks and priority sites to grow populations of iconic bird species across New Zealand. Includes much-needed landscape-scale predator control in the Catlins and Central Otago (home to iconic birds like the yellow-eyed and little blue penguins) and in parts of the South Island’s West Coast.</p>	Increased number of iconic birds in national parks, increasing the likelihood of visitors experiencing them.		<p>\$2.5m</p> <p>Approximately 60,000ha of aerial predator control delivered in 25/26: (exact sites TBC based on monitoring of predator levels).</p>	

Project	Expected outcome of investment	24/25	25/26	26/27
The investment will enable a boost in predator control in highest priority sites triggered through monitoring (expected to include Arthurs Pass and Kahurangi or Fiordland National Parks).				
Expanding landscape scale predator control: Maximise co-investment in predator control with the NEXT foundation to sustain the gains of increasing populations of threatened species in South Westland, Aoraki, Taranaki, Abel Tasman and Rakiura/Stewart Island National Parks. More life in the bush provides more diverse tourism opportunities, including on the West Coast as glacier access becomes difficult and threatens to decrease tourism over time. IVL investment is likely to attract further partner investment in landscape predator projects.	More wildlife in national parks, resulting in better experiences. Outcomes maximised through co-investment.		\$3.5m 25/26 is focused on expanding and maintaining joint projects in National Parks noted.	\$0.5m 26/27 provides funding for maintenance of outcomes, with support from partner investment.
Deer and goat management in National Parks and popular visitor areas: Manage deer in Fiordland National Park (which has experienced a significant drop in deer removal due to less contribution from commercial helicopter recovery for meat). Opportunity to use meat recovered from control, for commercial and social benefit. Undertake deer management in Central North Island high visitation areas, including Kaimanawa and Kaweka Forest Parks, partnering with hunting sector. This will support the hunting sector's (Sika Foundation) desire for improved herd management in an area which is a potential Herd of Special Interest	Reduction in the impact of deer on biodiversity through collaboration with the hunting sector, with meat provided to those in need.	\$0.5m Delivery in Fiordland annually (within approximately 1m ha).	\$1.5m Delivery in Fiordland annually (within approximately 1m ha). Deer management (control and monitoring) across North Island sites in 25/26 and 26/27 in collaboration with Sika Foundation.	\$1.5m Delivery in Fiordland annually (within approximately 1m ha). Deer management (control and monitoring) across North Island sites in 25/26 and 26/27 in collaboration with Sika Foundation.
Stop the spread and remove wilding conifers from iconic landscapes: Wilding conifer control needs to be undertaken around our most affected and iconic popular visitor sites, with the current (MPI-led) National Wilding Conifer Control Programme funding being insufficient to achieve this.	Wilding conifers are controlled at iconic landscape sites, increasing the biodiversity and scenic value of these places, and ensuring the land is productive. Reduces long-term costs for land managers.	\$3.5m All control delivered in Year 1, including highest priority sites for maintenance in Wakatipu, Aoraki & Mackenzie and Rangitoto.		
Manage weeds at iconic sites that visitors come to see and associate with NZ: Tāmaki is home to 47 predator-free islands, including Te Hauturu-ō-Toi, Rangitoto / Peretū, Te Motutapu a Taikehu and Tiritiri Matangi. These islands are places of significance for Auckland iwi and are home to nationally significant cultural heritage places and nationally significant sites for species recovery. The islands attract many visitors (e.g. over 30,000 people visit Tiritiri Matangi per year). Weeds are currently having a negative impact on visitor experience. If left unchecked, weeds could reduce the suitability of islands for iconic species like takahē, kōkako and hihi as well as causing irreversible damage to ecosystem values.	A reduction in transformational weed populations, leading to healthier island ecosystems and improving biodiversity and scenic value for visitors.	\$0.2m Delivery of wilding pine, moth vine and Rhamnus control throughout Years 1-3. Focus on 2-3 islands in Year 1 (incl. Motuihe, Motutapu, Te Hauturu-o-Toi).	\$0.8m Delivery of wilding pine, moth vine and Rhamnus control throughout Years 1-3.	\$0.5m Delivery of wilding pine, moth vine and Rhamnus control throughout Years 1-3. Roll out across the Gulf by June 2027.
Stop the spread of wallabies into iconic landscapes: Wallabies have a significant impact on the indigenous forests in the highly visited areas of Lakes Tarawera and Okataina (and wider) and are changing the structure of the forests and reducing their ability to support our native wildlife. Similar issues exist in the South Island where wallabies threaten the iconic landscapes of the high country. This investment will be to directly target populations within the edges of the containment area to stop their spread, alongside iwi, local government, foresters/farmers and community groups.	Stopping spread of wallabies outside of containment area. Improved structure of indigenous forests.		\$0.5m Delivery of wallaby control over 25/26 and 26/27 (North Island in collaboration with Te Arawa Lakes Trust; South Island with Environment Canterbury, hunting and farming sectors).	\$0.5m Delivery of wallaby control over 25/26 and 26/27
TOTAL BIODIVERSITY SPEND		\$4.7m	\$11.3m	\$3m
		Three-year total		\$19M
TOTAL		COST OF TOTAL PROGRAMME OVER 3 YEARS		\$32M

Memo: International Visitor Levy Ministers Meeting – 10 February 2025

To	Minister of Conservation	Date submitted	10 February 2025
Reference	25-M-0008	DocCM	DOC-7874126
Security Level	In Confidence		
From	Stephanie Rowe, Deputy Director-General Biodiversity Heritage and Visitors - 9(2)(a)		
Subject	International Visitor Levy Ministers Meeting – 10 February 2025		
Attachments	Attachment A – Talking points Attachment B – Draft Investment Package		

Purpose – Te aronga

1. To support your meeting with Ministers Willis and Upston on the International Visitor Conservation and Tourism Levy (IVL).

Background and context – Te horopaki

2. You have a meeting with the Minister of Finance and the Minister for Tourism and Hospitality on Monday 10 February 2025 at 3:30-4pm, to discuss the IVL investment package for 2025/26.
3. Stephanie Rowe, Deputy-Director General Biodiversity Heritage and Visitor will support you at this meeting.
4. We have provided talking points to support the meeting (Attachment A).
5. The conservation portion of the package will be \$55m, which can be allocated over multiple years. The Minister of Finance has set the following objectives for IVL investments:
 - Increasing visitor numbers to maximise the economic contribution tourism makes to New Zealand.
 - Enhancing the visitor experience, managing the impact on the conservation estate and retaining public consent to allow for continuous growth.
 - All investments funded by the IVL need to demonstrate robust value for money and alignment with overall Government priorities.
6. On January 28, 2025, we provided you with a draft investment package (25-B-0001 refers). We have provided an updated version of this in Attachment B (note, the projects proposed are the same as previous advice but have been rolled into higher-level programmes of work).
7. Separately, we have provided you advice on using existing IVL funding (collected up until the end of the current financial year) to fund the Queen Elizabeth II Trust and Ngā

Whenua Rāhui (25-B-0024 refers). You may also wish to discuss this with your Ministerial colleagues at the meeting.

Key points to cover in the meeting

8. It will be useful to get confirmation of the following points from the meeting.
 - Ministerial preferences for share of investment going towards biodiversity and visitor.
 - Ongoing funding for projects.
 - Timeframes leading up to Budget announcement.

Share of investment going towards biodiversity and visitor

9. The meeting is an opportunity to reinforce DOC's role in growing New Zealand's tourism industry. DOC can support New Zealand to continue being a world class destination through ensuring that visitors have fantastic outdoor experiences and that our wildlife, forests and marine areas continue to be a drawcard for international visitors.
10. Focusing DOC's IVL funding towards delivering excellent experiences and improving species and habitats that visitors interact with will reinforce the reasons why visitors want to travel here and support the regional economies that are reliant on tourism.
11. The meeting provides an opportunity to test with your colleagues the share of investment going to biodiversity and visitor experiences. Previously the split was 80% towards biodiversity and 20% towards visitor experience. In the draft package we have proposed a share of 60% towards biodiversity and 40% towards visitor experience.
12. The following points provide the rationale for a higher share going towards biodiversity.
 - The environment is a major drawcard for international visitors therefore preserving and enhancing our world class conservation lands maintains this drawcard and helps meet the expectations of visitors to New Zealand.
 - Biodiversity investments will also support the social license for tourism by highlighting the contribution that international tourists are making to conservation.
 - Conservation funding is half of IVL investment, the other half focuses solely on tourism. Therefore, the conservation share should tilt towards biodiversity investments.
13. We recommend you discuss with your Ministerial colleagues if they agree with the proposed split between biodiversity and visitor investments.

Ongoing funding for projects

14. The Treasury provided feedback on the draft package which emphasised the need to consider whole of life costs. The majority of projects in the package do account for whole of life costs.
15. While the biodiversity investments are generally only for two or three years, they are surge funding, designed to bring down pests or predators, or increase indigenous species numbers, to a level which DOC's existing BAU work can maintain. For example, there may be an infestation of weeds destroying a forest ecosystem, the local ranger would not be able to remove all these weeds as part of their BAU work. However, two years of IVL investment can bring the weeds under control and the ranger could maintain the gains made.
16. There are projects in the package which would stop after the funding ends. For example, increased resourcing at popular sites to manage visitor pressure. It is possible to fund

these on an ongoing basis, but it would require an upfront investment of 10 times the yearly cost (to make use of a 10:1 ongoing swap). This would reduce the number of investments in the funding package but provide greater certainty for ongoing investment.

17. We consider that providing funding for three years provides enough lead-in to manage any ongoing costs through either reprioritising baseline funding or looking again at IVL funding.

18. We recommend you test with your Ministerial colleagues their preferences for providing certainty of investment on an ongoing basis, versus maximising impact over the next three years.

Timeframes leading up to Budget announcement

19. The Minister of Finance originally requested proposed investment packages by the end of February 2025. We recommend you confirm the process and timeframes with her leading up to announcements as part of the Budget.

Next steps – Ngā tāwhaitanga

20. Based on the outcome of the meeting we intend to prepare A3s for each investment programme which will provide more detail on the target outcomes for each investment and how we will measure them.

21. The investment package will be announced as part of the Budget process. We recommend you confirm the key dates leading up to that with the Minister of Finance.

ENDS

Attachment A – Talking points

- DOC can support growing New Zealand's tourism industry through ensuring that visitors have fantastic outdoor experiences and that our wildlife, forests and marine areas continue to be a drawcard for international visitors.
- Already over 50% of international visitors go to a National Park during their visit and "landscapes and scenery" is the top factor given by tourists when asked why they choose New Zealand as a destination.
- Focusing DOC's IVL funding towards delivering excellent experiences and improving species and habitats that visitors interact with will reinforce the reasons why visitors want to travel here, and support the regional economies that are reliant on tourism.
- My officials have prepared a draft investment package split between two programmes over 3 years:
 - \$33m of investment in "Restoring unique wildlife and supporting thriving landscapes in National Parks and priority visitor sites" and
 - \$22m of investment in "Exceptional visitor experiences at our popular places"
- I am proposing a higher share of investment in biodiversity based on maintaining the drawcard for international visitors and retaining social license for increasing visitor numbers by showing the contribution they make to conservation via the IVL.
- The packages focus on high-value conservation objectives in areas of interest to international visitors such as National Parks including Milford Sound and Aoraki/Mt Cook.
- My officials have been working with Treasury to refine the package and following this meeting will prepare detailed one-pagers for each investment, outlining the key outcomes and measures.
- I am keen to hear your thoughts on the split between visitor and biodiversity work with the IVL.
- Additionally, there is the option to fund fewer projects for a longer period of time, but this will reduce the impact of the funding over the next three years.
- I would like to discuss the process and timeframes between now and the announcement of the package so I can direct my officials accordingly.



BRIEFING

Proposed International Visitor Conservation and Tourism Levy (IVL) investment plans for 2025/26

Date:	20 February 2025	Priority:	High
Security classification:	In Confidence	Tracking number:	MBIE: BRIEFING-REQ-0009911 DOC: 25-B-0057

Action sought		
	Action sought	Deadline
Hon Louise Upston Minister for Tourism and Hospitality	Agree to the Tourism IVL Investment Plan for 2025/26, subject to final feedback.	25 February 2025
Hon Tama Potaka Minister of Conservation	Agree to the Conservation IVL Investment Plan for 2025/26, subject to final feedback.	25 February 2025

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Danielle McKenzie	Manager, Tourism Stewardship and Systems, MBIE	9(2)(a)	✓
Tim Bamford	Chief Advisor, Biodiversity Heritage and Visitor Group, DOC	9(2)(a)	
Amanda Harrison	Principal Policy Advisor, Tourism Stewardship and Systems, MBIE	9(2)(a)	

The following departments/agencies have been consulted

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments



BRIEFING

Proposed International Visitor Conservation and Tourism Levy (IVL) investment plans for 2025/26

Date:	20 February 2025	Priority:	High
Security classification:	In Confidence	Tracking number:	MBIE: BRIEFING-REQ-0009911 DOC: 25-B-0057

Purpose

To seek your final feedback on, and agreement to, the annual International Visitor Conservation and Tourism Levy (IVL) investment plans for 2025/26.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) and the Department of Conservation (DOC) recommend that you:

- a **Note** that the Minister of Finance has requested final International Visitor Conservation and Tourism Levy (IVL) investment plans for 2025/26 by the end of February 2025.

Noted

- b **Provide** final feedback on your respective IVL Investment Plan for 2025/26 (attached as **Annex One** and **Annex Two**).

Agree / Disagree / Discuss

- c **Agree** to your respective IVL Investment Plan for 2025/26, subject to officials incorporating any final feedback provided at recommendation b above.

Agree / Disagree

- d **Agree** that both 2025/26 IVL Investment Plans be sent to the Minister of Finance by Friday, 28 February 2025, accompanied by any relevant financial recommendations requiring the Minister of Finance's approval, and an outline of proposed performance reporting.

Agree / Disagree

- e **Note** the Minister of Finance has indicated that the revised revenue allocations for the IVL will be announced alongside the Budget 2025 process, with the full IVL Investment Plans likely released as part of that announcement.

Noted



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

20 / 02 / 2025



Tim Bamford
Chief Advisor
Biodiversity Heritage and Visitor Group,
Department of Conservation

20 / 02 / 2025

Hon Louise Upston
Minister for Tourism and Hospitality

..... / /

Hon Tama Potaka
Minister of Conservation

..... / /

Background

1. The Minister of Finance wrote to IVL Ministers on 29 December 2024 outlining the new allocations for IVL revenue from 2025/26 onwards. She also requested that you each provide her with an IVL Investment Plan for 2025/26 which outlines planned investments for your respective portfolios by the end of February 2025.
2. In her letter, the Minister of Finance also outlined her preferred objectives for IVL investment going forward, which are to:
 - a. increase visitor numbers to maximise the economic contribution tourism makes to New Zealand,
 - b. enhance the visitor experience, managing the impact on the conservation estate and retaining public consent to allow for continuous growth, and
 - c. demonstrate robust value for money and alignment with overall Government priorities.
3. She also asked for a new bi-annual public reporting process aligned with the existing fiscal update cycle which outlines forecast and actual IVL revenue, how the revenue is allocated and investment performance.
4. Following your joint meeting on Monday, 17 February 2025, you commissioned a joint briefing from MBIE and DOC which presents the two IVL Investment Plans for approval and highlights the shared objectives.
5. The proposed Tourism IVL Investment Plan for 2025/26 is attached as **Annex One**.
6. The proposed Conservation IVL Investment Plan for 2025/26 is attached as **Annex Two**.

The joint package of investment into tourism and conservation will support the Government's economic growth objectives

7. The two IVL Investment Plans for 2025/26 together propose a package of investment valued at \$90 million. The joint package prioritises investments which will drive export growth through increased visitation and complementary investments intended to support that volume growth through enhancements to the visitor experience, and management of the impact on conservation and biodiversity.
8. The joint package of investments for 2025/26 is designed to deliver outcomes directly aligned with the Minister of Finance's preferred objectives. The Tourism IVL Investment Plan for 2025/26 prioritises demand-side investments in the short-term to contribute to the Government's immediate economic growth objectives, including to double exports within a decade. These investments are part of the Minister for Tourism and Hospitality's Tourism Growth Roadmap and builds on the 2024/25 investments into an immediate Tourism Boost package.
9. The Conservation IVL Investment Plan for 2025/26, as well as a small package of supply-side investment in the Tourism IVL Investment Plan, delivers directly on the Minister of Finance's objective to enhance the visitor experience, manage the impact of visitors and preserve and enhance the conservation estate. The package prioritises investment (60 per cent) into preserving and enhancing the biodiversity that international visitors come to enjoy and investment (40 per cent) directed at visitor experiences.
10. The two IVL Investment Plans for 2025/26 also converge to jointly fund a package of investment for experience improvements along the Milford Road corridor in response to the

Milford Opportunities Project business case. This collaborative package of investment, valued at \$6 million over three years, will demonstrate the government's commitment to improvements at Milford Sound and a shared vision for IVL investment across tourism and conservation. The total package of investment proposed for the Milford Corridor is \$8.5 million, which means that an additional \$2.5 million will still be required to complete the package of improvements and could be considered for future IVL investment plans.

Tourism IVL Investment Plan for 2025/26

11. The proposed Tourism IVL Investment Plan for 2025/26 (attached as **Annex One**) is valued at \$35 million, with 80 per cent of the investment value targeted at demand-side projects which will support the Government's objectives to immediately increase the volume of international visitors. The remaining 20 per cent of the investment value is focused on delivering support to the supply-side of the tourism economy to enhance the visitor experience and maintain social licence for tourism as volumes grow.
12. The Minister for Tourism and Hospitality has recently agreed a package of investment, the Tourism Boost package, using 2024/25 IVL revenue which is focused on immediate visitor volume growth in the next 90 days. This package is the first step in a broader strategy to grow the value of tourism which will be delivered in longer time through the Tourism Growth Roadmap. The balance of investment for 2025/26, with 80 per cent targeted at demand-side projects, reflects the Government's immediate visitor growth priorities.
13. The intention is to shift the balance of demand- and supply-side projects incrementally so that the supply-side of the economy is eventually prioritised to meet the demands of a higher value and higher volume tourism market. This will allow for more significant investments into supply-side projects in outyears. For 2025/26, MBIE has prioritised supply-side projects which best meet the following principles identified by the Minister for Tourism and Hospitality:
 - a. the investment does not add additional capacity to already constrained regions and communities,
 - b. the investment is not primarily the responsibility of another government agency, and
 - c. the investments have regional diversity.
14. This briefing seeks the Minister for Tourism and Hospitality's final feedback, and approval subject to feedback, on the proposed Tourism IVL Investment Plan for 2025/26.

Conservation IVL Investment Plan for 2025/26

15. The proposed Conservation IVL Investment Plan for 2025/26 (attached as **Annex Two**) is valued at \$55 million to be sequenced over three years, with 60 per cent of investment targeted at biodiversity projects, and 40 per cent targeted at visitor experience projects. The proposed projects build on the recent conservation IVL projects announced by the Minister of Conservation.
16. New Zealand's natural environment is a major driver of international tourism, and these investments support that driver by protecting and restoring the environment, whilst also managing the impacts of high visitor numbers at our popular destinations.
17. Focusing DOC's IVL funding towards delivering excellent experiences and improving species and habitats that visitors interact with will reinforce the reasons why visitors want to travel here and support the regional economies that are reliant on tourism. Around 50 per cent of international visitors visit a national park during their stay in New Zealand and this investment

will help to ensure those visits meet expectations of New Zealand's unique natural beauty and biodiversity.

18. The biodiversity investments have been informed by DOC's Biodiversity Investment Approach, with projects filtered based on the Minister of Finance's IVL objectives and the highest value for conservation.
19. The visitor experience investments are focused on improving infrastructure and levels of service at popular sites, addressing overcrowding and its consequent impacts on social licence.
20. This briefing seeks the Minister of Conservation's final feedback, and approval subject to feedback, on the proposed Conservation IVL Investment Plan for 2025/26.

Next steps

21. Following your feedback and approval of the two investment plans, we will finalise the IVL investment plans to share with the Minister of Finance by Friday, 28 February 2025. We will also prepare any financial recommendations which require IVL Ministers' approval to give effect to the investment plans (projects over \$10 million in value, and projects which require the Minister of Finance's approval to transfer funds across appropriations) and a proposed performance reporting process.
22. The Minister of Finance intends to announce the revised IVL revenue allocations under the new \$100 IVL amount, and the investment plans, alongside the Budget 2025 process. If you wish to announce individual projects prior to Budget 2025, we recommend seeking agreement from the Minister of Finance.

Annexes

Annex One: Proposed Tourism IVL Investment Plan for 2025/26

Annex Two: Proposed Conservation IVL Investment Plan for 2025/26

Annex Two: Proposed Conservation IVL Investment Plan for 2025/26

The objectives of the IVL are to:

- Increase visitor numbers to maximise the economic contribution tourism makes to New Zealand
- Enhance the visitor experience, managing the impact on the conservation estate and retaining public consent to allow for continuous growth
- Demonstrate robust value for money and alignment with overall Government priorities.

Conservation investments deliver against these objectives in the following ways:

- As New Zealand’s environment is a major drawcard for international visitors, preserving and enhancing our world class conservation lands maintains this drawcard and helps to ensure visitors’ expectations of New Zealand are met.
- Showcasing the benefits of IVL investments helps to maintain the social license for tourism by highlighting the contribution that international tourists are making to conservation.
- Investing in our most popular visitor sites improves the visitor experience, which helps to encourage more visitors while managing their impacts on the environment.
- Improving biodiversity and heritage across the country creates more potential destinations for visitors to enjoy, dispersing the benefits of tourism outside the main tourist centres.

Programme and description	Project and description	25/26	26/27	27/28	Alignment with conservation and visitor criteria	Alignment with value for money
Exceptional visitor experiences at our popular places This includes better experience management, ensuring we are adequately maintaining our toilets, carparks, bridges and shelters, and providing modern and adequate amenities.	Managing visitor pressures Managing visitor sites under pressure from growing visitor numbers requires focussed investment: <ul style="list-style-type: none">• Increased resourcing to manage visitors at peak times. Improving levels of service in visitor centres in National Parks and additional rangers over the busy season/s to be more visible to visitors. Investment to support work on front country facilities, parking and visitor flows, managing waste and undertaking compliance (e.g. concessions checked, campsite fees paid, drone use permitted etc.).• Destination management: focused management of complex visitor issues across DOC’s most highly visited and high value sites (e.g. <i>Milford Sound Piopiotahi, Aoraki / Mt Cook, Franz Josef, Tongariro National Park, Waipoua Forest</i>).<ul style="list-style-type: none">o <i>Milford Sound Piopiotahi</i> – begin implementation of experience improvements along the corridor. \$2.5m of further IVL funding would be required in year 3 and beyond to complete the proposed \$8.5M package of improvements.o <i>Aoraki / Mt Cook</i> – Development of a management plan and begin implementation of the plan. Further funding would be required in year 3 and beyond to fully implement the plan.• High volume key sites: Projects to provide fit-for-purpose visitor experiences at high volume sites (e.g. <i>Goat Island, Rangitoto, Matiu/Somes Island, Cathedral Cove, Blue Pools</i>).<ul style="list-style-type: none">o <i>Matiu/Somes Island</i> visitor experience plan to improve management of site following the wharf replacement.	\$4.3	\$7.1	\$2.2	Increased infrastructure capacity to attract and support visitors Investing in our growing visitor sites encourages more visitors by improving the visitor experience, while managing their impacts on the environment. Investment will enhance the visitor experience and better manage the impact of visitors at peak times.	Investment focusses on improvements to some of our highest profile sites, creating fit-for-purpose and practical solutions to issues with increased visitation.
	Managing core visitor products Funding for improvements to achieve and maintain minimum service levels for DOC-led visitor experiences (e.g. Great Walks, Short Walks, Day Hikes, Overnight tramps, scenic spaces, campsites and biking) and for experiences DOC has a key role in delivering with others (e.g. Great Rides, Te Araroa Trail, Tohu Whenua). <ul style="list-style-type: none">• Investment in Great Walks to ensure walks remain up to standard (funding for years 1 and 2 only).• Investment to lift the standard of 326 campsites. Includes additional resources to manage campsites effectively (funding for years 1 and 2 only).• Roll-out of Tohu Whenua tourist sites. Delivers multiple sites across eight regions over three years.	\$3.2	\$3.7	\$1.5	Increased infrastructure capacity to attract and support visitors Will enhance regional dispersal of visitors outside the main tourist centres and help provide high quality, year-round and varied experiences.	Investment focusses on DOC’s core visitor destinations and experiences, like Great Walks and campsites, ensuring we are meeting standards and expectations. Investment will also focus on experiences with partners, maximising investment opportunities.
	TOTAL COST FOR VISITOR PROJECTS	\$7.5	\$10.8	\$3.7	\$22M	

<p>Restoring unique wildlife and supporting thriving landscapes in National Parks and priority visitor sites</p> <p>This will improve the experience visitors have in national parks and popular places with increased bird, mammal and plant life, achieved through increased control of possums, rats, stoats, weeds and goats.</p>	<p>Restoring unique wildlife in national parks, islands and popular sites through:</p> <p>Growing populations of iconic bird species in National Parks and popular visitor sites through:</p> <ul style="list-style-type: none"> • Expanding predator control (aerial 1080) in national parks for possums, rats and stoats. • Goat management to reduce impacts on areas with endangered / threatened species and with forest damage that is visible to visitors <p><i>Includes work in five national parks (Abel Tasman, Whanganui National Park, Kahurangi National Park, Paparoa National Park, Westland Tai Poutini National Park), Kaimai Forest Park and iconic landscapes of Central Otago and Marlborough.</i></p> <p>Increasing populations of threatened species in national parks, islands and popular visitor sites through:</p> <ul style="list-style-type: none"> • Recovery of priority, highly threatened species including kea, hectors and maui dolphins, marine mammals, Fiordland crested penguin • Increasing marine biodiversity protection for key marine diving sites <p><i>Includes work in Poor Knights, Cape Rodney-Okakari Point (Goat Island), Te Whanganui-o-Hei (Cathedral Cove), Fiordland marine reserves, Hen and Chickens, Rangitoto, Tiritiri Matangi, Motutapu, Kapiti, Anchor, Ulva, Coromandel (Mercury Group), Marlborough Sounds, Fiordland, Westland, Aoraki, Aspiring National Park, Arthurs Pass National Parks, South West World Heritage Area.</i></p>	5.05	7.7	9.8	<p>Preserve and enhance a world class conservation estate</p> <p>Improves condition of most popular and famous areas, forests are thriving, protecting high priority and iconic threatened species in places where visitors are most likely to see and interact with them.</p> <p>Enhances biodiversity on islands where with high visitor numbers and where habitats and species are highly sensitive to visitors.</p>	<p>DOC's National Predator Control Programme is well established, with successful results for threatened species protection</p> <p>Elimination of isolated populations of goats will no longer require ongoing management. Other investment will ensure previous investment is not wasted.</p> <p>Management of islands is one of the best and most cost-effective methods of protecting ecosystems and species.</p> <p>Investment over a 3-year period will allow DOC to bring predator numbers down and threatened species numbers up to a point they can be managed as part of ranger BAU work.</p>
	<p>Supporting thriving landscapes in our National Parks and at popular visitor sides through:</p> <ul style="list-style-type: none"> • Removing wilding conifers from iconic landscapes to significantly reduce the spread of this expensive pest weed. Expands on existing MPI-led programme. • Managing significant weed issues at iconic sites that reduce suitability of places to home iconic threatened species (e.g. kakī and braided river birds). Includes investment in development of the Smart Weed Alert Tool to support early detection and reduce future costs. <p><i>Includes work in Rakiura National Park, Mackenzie Basin, Central Otago, Kaikoura, Clarence, St James Aoraki National Park, Tasman Braided River, and in Northland: Mt Manaia, Bream head, North Cape, Te Paki,</i></p>	5.63	2.3	2.52	<p>Preserve and enhance a world class conservation estate</p> <p>Enhance the condition of our famous and popular landscapes, ensuring natural habitats thrive as well as plants and animals. Visitors find it easier to experience pristine natural environments.</p>	<p>Builds on existing wilding conifer control work (MPI-led) so gains are not lost.</p> <p>Increase in funding will enable elimination of priority weed populations to stop them spreading further and requiring more intensive management in the future. It will also fund some priority ongoing control.</p>
	TOTAL COST OF BIODIVERSITY PROJECTS	\$10.2M	\$9.9 M	\$12.9M	\$33M	
TOTAL		COST OF TOTAL PROGRAMME OVER 3 YEARS			\$55M	



BRIEFING

Final International Visitor Conservation and Tourism Levy (IVL) investment plans for 2025/26

Date:	13 March 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	MBIE: BRIEFING-REQ-0010325 DOC: 25-B-0074

Action sought		
	Action sought	Deadline
Hon Nicola Willis Minister of Finance	Note the Minister for Tourism and Hospitality's final Tourism IVL Investment Plan for 2025/26. Note the Minister of Conservation's final Conservation IVL Investment Plan for 2025/26. Approve financial recommendations to give effect to the IVL Investment Plans for 2025/26.	17 March 2025
Hon Louise Upston Minister for Tourism and Hospitality	Approve financial recommendations to give effect to the IVL Investment Plans for 2025/26.	17 March 2025
Hon Tama Potaka Minister of Conservation		

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Danielle McKenzie	Manager, Tourism Stewardship and Systems, MBIE	9(2)(a)	✓
Tim Bamford	Chief Advisor, Biodiversity Heritage and Visitor Group, DOC	9(2)(a)	

The following departments/agencies have been consulted
The Treasury

Minister's office to complete:

☐ Approved

☐ Declined

☐ Noted

☐ Needs change

☐ Seen

☐ Overtaken by Events

☐ See Minister's Notes

☐ Withdrawn

Comments

BRIEFING

Final International Visitor Conservation and Tourism Levy (IVL) investment plans for 2025/26

Date:	13 March 2025	Priority:	Medium
Security classification:	In Confidence	Tracking number:	MBIE: BRIEFING-REQ-0010325 DOC: 25-B-0074

Purpose

To provide you with the final International Visitor Conservation and Tourism Levy (IVL) investment plans for 2025/26 and seek your approval to the relevant financial recommendations.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) and the Department of Conservation (DOC) recommend that you:

- a **Note** the final International Visitor Conservation and Tourism Levy (IVL) Investment Plans for 2025/26 are provided at **Annex One** (Tourism) and **Annex Two** (Conservation).

Noted

Tourism IVL Investment Plan

- b **Note** the Tourism IVL Investment Plan for 2025/26 outlines \$35 million of new investment into the following activities:
- Demand-side activities (~80 per cent): international marketing, business events attraction, major events attraction **9(2)(b)(ii), 9(2)(i), 9(2)(i)**
 - Supply-side activities (~20 per cent): infrastructure improvements to the Milford Road corridor and the West Coast Wilderness Cycle Trail.

Noted

- c **Note** that all investments within the Tourism IVL Investment Plan for 2025/26, except for international marketing to core markets and major events attraction, fall within the Minister for Tourism and Hospitality's decision-making authority for the IVL.

Noted

- d **Agree** the following investments in the Tourism IVL Investment Plan as per your respective delegated decision-making authority for the IVL (over \$10 million) and Major Events Fund (due to portfolio delegation):

	Minister of Finance / Minister for Economic Growth	Minister for Tourism and Hospitality	Minister of Conservation
\$13.5 million for Tourism New Zealand to uplift international marketing in core markets.	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>
\$5 million for the Major Events Fund to be targeted at events with high international visitation in the short-term.	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>	N/A

- e **Note** that MBIE will seek Budget technical adjustments to give effect to appropriation transfers required for the Tourism IVL Investment Plan.

Noted

Conservation IVL Investment Plan

- f **Note** the Conservation IVL Investment Plan for 2025/26 outlines \$55 million of investment into:
- visitor experience projects targeted at managing visitor pressures and managing core visitor products (40 per cent)
 - biodiversity projects targeted at restoring unique wildlife and supporting thriving landscapes in national parks, islands and popular sites (60 per cent).

Noted

- g **Agree** the following investments in the Conservation IVL Investment Plan as per your respective delegated decision-making authority for the IVL (over \$10 million).

	Minister of Finance	Minister for Tourism and Hospitality	Minister of Conservation
\$13.6 million over three years for managing visitor pressures.	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>
\$22.55 million over three years for restoring unique wildlife in national parks, islands and popular sites.	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>
\$10.45 million over three years for supporting thriving landscapes in our national parks and at popular visitor sites.	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>	<i>Agree / Disagree</i>

- h **Note** that the remaining investment within the Conservation IVL Investment Plan for 2025/26 falls within the Minister of Conservation's decision-making authority for the IVL.

Noted

- i **Agree** that the Minister for Tourism and Hospitality and Minister of Conservation can make final adjustments to the projects and allocation of funding within their respective IVL Investment Plans for 2025/26 prior to announcing them.

Agree / Disagree

- j **Note** that officials will continue using existing annual reporting for the IVL for now but will develop a new bi-annual public reporting framework following Budget 2025 and expect to issue the first six-monthly report in January 2026.

Noted



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

13 / 03 / 2025



Tim Bamford
Chief Advisor
Biodiversity Heritage and Visitor Group,
Department of Conservation

13 / 03 / 2025

Hon Nicola Willis
Minister of Finance

..... / /

Hon Louise Upston
Minister for Tourism and Hospitality

..... / /

Hon Tama Potaka
Minister of Conservation

..... / /

Background

1. The Minister of Finance wrote to IVL Ministers on 29 December 2024 outlining the new allocations for International Visitor Conservation and Tourism Levy (IVL) revenue from 2025/26 onwards. The letter also outlined objectives for IVL investment going forward and a request for final IVL Investment Plans for 2025/26 to be shared with the Minister of Finance by the end of February 2025. This deadline was subsequently extended by mutual agreement of IVL Ministers' offices.
2. The Minister for Tourism and Hospitality and Minister of Conservation have now finalised their investment plans for 2025/26 based on the revised revenue allocations outlined by the Minister of Finance. The two Ministers have worked together to ensure all IVL investments are high value and strategically aligned to achieve the Government's objectives for tourism and conservation.
3. The proposed Tourism IVL Investment Plan for 2025/26 is attached at **Annex One**.
4. The proposed Conservation IVL Investment Plan for 2025/26 is attached at **Annex Two**.

The proposed IVL investments will enable and support economic growth

5. International tourism has the potential to play an important role in achieving the Government's growth ambitions and doubling the value of our exports in the next ten years. Global tourism demand is forecast to grow substantially over the next ten years, but there are a range of challenges which means New Zealand will have to work hard to maintain and grow our share of the tourism market. The revenue generated from the IVL is a key tool which can support our growth ambition and secure our status as a unique, high-quality tourism destination.
6. The two IVL Investment Plans for 2025/26 together propose a package of investment valued at \$90 million. The Minister for Tourism and Hospitality and Minister of Conservation have identified investments which will both support the Government's immediate growth priorities and meet the Minister of Finance's objectives outlined in the 29 December 2024 letters to IVL Ministers.
7. Collectively, we consider that the outlined investments will make a significant impact on the experience that international visitors have to New Zealand over time and reduce infrastructure pressures. This will strengthen New Zealand's attraction as a tourism destination internationally and support regional communities to grow their tourism economies.

Tourism IVL Investment Plan for 2025/26

8. The Minister for Tourism and Hospitality will present her priorities for the portfolio to Cabinet colleagues in April 2025, including her strategic plans for using IVL revenue to invest in tourism growth in the short-term. Those priorities are to:
 - a. increase the number of international visitors to New Zealand to at least 2019 levels in the near term
 - b. grow the number of Kiwis in tourism and hospitality jobs.
9. The IVL is the primary tool for the Minister to achieve these priorities and the Tourism IVL Investment Plan for 2025/26 focuses on this and contributing to the Government's Going for Growth plan. The Investment Plan prioritises investment into projects which will increase demand for tourism through the initial stages of a Tourism Growth Roadmap. These projects complement and extend the investments already announced through the Minister's Tourism

Boost package, which included an immediate marketing campaign targeted at Australian visitors and a contestable fund for our regions to collaborate on regional visitor attraction.

10. The 2025/26 Investment Plan invests a total of \$35 million, including:
 - a. \$28.700 million of investment into activities which will stimulate tourism demand, including enhanced international marketing in our core markets (Australia, United States and China) and emerging markets (India and Southeast Asia), additional funding to boost attraction of events and 9(2)(b)(ii), 9(2)(i), 9(2)(i)
 - b. \$5.633 million of investment into infrastructure which will support intended tourism growth, including co-investment with DOC into Milford Road corridor improvements and a replacement bridge for the West Coast Wilderness Cycle Trail
 - c. \$0.667 million of contingency funding to support the above investments.
11. A combination of demand and supply initiatives will contribute to increasing international visitor numbers and support regions' capacity to service this demand, helping tourism to maintain its social licence. Over time and following a period of tourism growth, the intention is to incrementally shift the balance of tourism IVL investment so that supply-side investments are prioritised in the future. This will ensure a strategic shift to support growth in the tourism economy, through complementary investments into activities which ensure visitors have a unique and seamless visitor experience. Future IVL investment plans will reflect this shift, and the Minister will work with the industry to determine their priorities for the supply-side of the tourism economy.

Conservation IVL Investment Plan for 2025/26

12. The Conservation IVL Investment Plan for 2025/26 is valued at \$55 million to be sequenced over three years, with 60 per cent of investment targeted at biodiversity projects, and 40 per cent targeted at visitor experience projects. The proposed projects build on the recent conservation IVL projects announced by the Minister of Conservation.
13. New Zealand's natural environment is a major driver of international tourism, and these investments support that driver by protecting and restoring the environment, whilst also managing the impacts of high visitor numbers at our popular destinations.
14. Focusing DOC's IVL funding towards delivering excellent experiences and improving species and habitats that visitors interact with will reinforce the reasons why visitors want to travel here and support the regional economies that are reliant on tourism. Around 50 per cent of international visitors visit a national park during their stay in New Zealand and this investment will help to ensure those visits meet expectations of New Zealand's unique natural beauty and biodiversity.
15. The biodiversity investments have been informed by DOC's Biodiversity Investment Approach, with projects filtered based on the Minister of Finance's IVL objectives and delivering the highest value for conservation.
16. The visitor experience investments are focused on improving infrastructure and levels of service at popular sites, addressing overcrowding and its consequent impacts on social licence.
17. The Conservation IVL Investment Plan for 2025/26 builds on programmes of work recently announced by the Minister of Conservation to receive funding in the 2024/25 year. These announcements were positively received by the tourism industry and conservation stakeholders, who also noted the investments reflected the intent of the IVL.

Ongoing funding for conservation projects

18. While the biodiversity investments are generally only for two or three years, they are surge funding, designed to bring down pests or predators, or increase indigenous species numbers, to a level which DOC's existing BAU work can maintain. For example, there may be an infestation of weeds destroying a forest ecosystem, the local ranger would not be able to remove all these weeds as part of their BAU work. However, two years of IVL investment can bring the weeds under control and the ranger could maintain the gains made.
19. There are projects in the package which would stop after the funding ends. For example, increased resourcing at popular sites to manage visitor pressure. We consider that providing funding for three years provides enough lead-in to manage any ongoing costs through either reprioritising baseline funding or looking again at IVL funding.

Some investments require joint decision-making and financial adjustments

20. Individual IVL Ministers are the delegated decision-making authority for investments under \$10 million. Investments between \$10 million and \$20 million require the approval of all IVL Ministers, while investments over \$20 million require Cabinet approval.
21. One investment in the Tourism IVL Investment Plan, \$13.500 million for Tourism New Zealand (TNZ) to enhance international marketing in core markets, requires the approval of all three IVL Ministers as it is above \$10 million in value.
22. One further investment activity, a \$5 million boost to the Major Events Fund, requires the approval of the Minister for Economic Growth as the Minister responsible for Major Events. This investment would be transferred to the Major Events Fund Multi-Year appropriation and used to target additional events with high international visitation in the short-term.
23. Three investments in the Conservation IVL Investment Plan require the approval of all three IVL Ministers as they are above \$10 million in value. These are:
 - a. \$13.6 million over three years for managing visitor pressures
 - b. \$22.55 million over three years for restoring unique wildlife in national parks, islands and popular sites
 - c. \$10.45 million over three years for supporting thriving landscapes in our national parks and at popular visitor sites.
24. Further technical adjustments to appropriations are required to give effect to the range of investments in the Tourism IVL Investment Plan. Most of the investments outlined in the plan will not be delivered directly by MBIE with transfers to alternative appropriations necessary to enable third parties to deliver the projects. MBIE will seek these appropriation transfers through Budget technical adjustments.
25. DOC is responsible for delivering all investment activities in the Conservation IVL Investment Plan, apart from wilding conifer control which will be delivered by the Ministry for Primary Industries. DOC will also seek a Budget technical adjustment to phase the funding for the conservation plan over the next three financial years.

Next steps

26. Officials understand the Minister of Finance will announce forward IVL revenue allocations under the new \$100 IVL amount alongside Budget 2025. IVL Ministers will announce their

respective investment plans for 2025/26 following those announcements, unless approval is sought for early announcement of individual projects.

27. In response to the Minister of Finance's request for a new bi-annual public reporting process aligned with the fiscal update cycle, MBIE is beginning to scope this work in consultation with the Treasury and DOC. Our intention is to produce the first bi-annual report in January 2026, aligned with the Half-Year Economic and Fiscal Update which will report on the first six months of 2025/26 IVL investments. In the meantime, officials will continue to report IVL actual and forecast revenue to the Treasury as part of Monitoring and Reporting on major spending and saving decisions and will produce an annual report for 2024/25 IVL expenditure. Officials will also look to improve the website communications to ensure the IVL investment decisions are clear to the public.

Annexes

Annex One: Tourism IVL Investment Plan for 2025/26

Annex Two: Conservation IVL Investment Plan for 2025/26

Annex One: Tourism IVL Investment Plan for 2025/26

Tourism investments deliver against the IVL objectives in the following ways:

- Investing in additional international tourism marketing will support growth from our core and emerging markets and enable New Zealand to capitalise on the forecast substantial growth in global tourism demand.
- Supporting New Zealand to host additional business and major events will help to attract additional international visitors across our regions.
- Investing in a combination of demand-side and supply-side initiatives contributes to increasing international visitor numbers and supporting regions’ capacity to service additional demand, helping tourism to maintain its social licence.
- Supporting the Department of Conservation’s investment in our most popular visitor sites on conservation land improves the visitor experience, which helps to encourage more visitors while managing their impacts on the environment.

Package	Initiatives	Description	Investment 2025/26 (\$ million)	Alignment with IVL objectives
Demand-side (~80%)	International marketing core markets – Tourism New Zealand	An uplift in marketing activity in our core markets (Australia, United States and China) focused on building consideration/preference of New Zealand as a holiday destination and converting this into arrivals in the near term. <i>This project requires the approval of all IVL Ministers.</i>	13.500	<i>Visitor numbers: prioritise recovery and growth of visitor numbers</i> <i>Visitor numbers: identify high-growth potential countries and grow the market share of visitors from those countries</i> International marketing is the primary lever for the government to increase visitor numbers. Approximately 14 per cent of international holiday visitors are primarily influenced by TNZ marketing (2019 International Visitor Survey). TNZ estimates that international marketing in our core markets has an approximate return on investment of 15:1 which will result in around \$200 million in incremental visitor spend in the economy.
	International marketing emerging markets – Tourism New Zealand	An uplift in marketing activity in our emerging markets (India and Southeast Asia) focused on building consideration/preference of New Zealand as a holiday destination and converting this into arrivals in the medium to long-term.	6.000	<i>Visitor numbers: prioritise recovery and growth of visitor numbers</i> <i>Visitor numbers: identify high-growth potential countries and grow the market share of visitors from those countries</i> International marketing is the primary lever for the government to increase visitor numbers. Approximately 14 per cent of international holiday visitors are primarily influenced by TNZ marketing (2019 International Visitor Survey). Additional investment would target the emerging markets of India, Malaysia, Thailand and Indonesia and focus on building awareness of New Zealand as a holiday destination, in turn driving growth over the medium to long-term. TNZ estimates that international marketing in emerging markets has an approximate return on investment of between 11:1 (India) and 14:1 (Southeast Asia) which will result in around \$90 million in incremental visitor spend in the economy.
	Business events attraction – Tourism New Zealand	A \$3 million boost focused on securing incremental international conferences and incentives to New Zealand, driving growth in the short-medium term and leveraging the existing Conference Assistance Programme operated by TNZ in collaboration with Business Events Industry Aotearoa. It will enable bidding for an additional 20 – 25 business events or incentives and a small amount for cash subvention.	3.000	<i>Visitor numbers: prioritise recovery and growth of visitor numbers</i> <i>Visitor numbers: reduce seasonal visitor variance in high variance regions by transforming New Zealand into a year-round destination</i> The business events sector is a valuable visitor market, worth over \$287 million in 2024. Business event attendees spend more than the usual visitor (\$379 per day in 2024) and visit in off-peak seasons (83% in 2023) which increases and diversifies our tourism economy. TNZ estimates the return on investment at 17:1 which will result in around \$44.6 million in incremental visitor spend in the economy. In addition, all financial contributions through cash subvention would be matched 1:1 by third parties (e.g. venue, city etc).
	Major events attraction	A \$5 million boost to the Major Events Fund targeted at major events with high potential international visitation in the short-term. <i>Subject to approval by the Minister for Economic Growth as the Minister responsible for major events.</i>	5.000	<i>Visitor numbers: prioritise recovery and growth of visitor numbers</i> The Major Events Strategy ensures that major events drive economic benefits through international visitation and additional direct spend into the host region and country. A cost-benefit analysis for individual major events is undertaken as part of decision-making and post-event evaluation for Major Events Fund investments and includes direct and indirect benefits as well as accounting for any displacement impacts. Individual events have a variable return on investment. When comparing with the other IVL investments, the 2024 Major Events portfolio returned an average international visitor spend ROI of 7:1.

Package	Initiatives	Description	Investment 2025/26 (\$ million)	Alignment with IVL objectives
9(2)(b)(iii), 9(2)(i), 9(2)(j)				
	TOTAL COST OF DEMAND-SIDE PACKAGE		\$28.700 million	
Supply-side (~20%)	Milford Road corridor improvements	Begin implementation of experience improvements (short-stop sites) along the Milford Road corridor. Co-funded with conservation IVL revenue and to be delivered by the Department of Conservation.	4.008	<i>Sustainable growth: retain and enhance the social contract</i> <i>Sustainable growth: preserve and enhance a world class conservation estate</i> <i>Visitor numbers: increased infrastructure capacity to attract and support visitors</i> Milford Sound is one of New Zealand’s iconic destinations, and a drawcard for international visitors. These improvements have been recommended by the Milford Opportunities Project, and will support improving the visitor experience, infrastructure and reducing congestion.
	West Coast Wilderness Cycle Trail – replacement bridge at the Totara River	The current rail bridge structure crossing the Totara River, part of the West Coast Wilderness Cycle Trail is no longer fit for purpose and was closed in 2024 due to safety concerns. This project proposes to fund the replacement bridge currently being scoped by the Westland District Council and <i>is subject to final design, tendering and securing land access.</i>	1.625	<i>Sustainable growth: retain and enhance the social contract</i> <i>Visitor numbers: increased infrastructure capacity to attract and support visitors</i> The West Coast Wilderness Cycle Trail attracts high tourism volumes to the West Coast. The current bridge closure means that the township of Ross is missing out as the end of the Great Ride and the trail is unable to be ridden from start to finish. This investment is subject to a final business case which will determine the value for money of the infrastructure.
	TOTAL COST OF SUPPLY-SIDE PACKAGE		\$5.633 million	
	CONTINGENCY		\$0.667 million	
TOTAL			\$35.000 million	

Annex Two: Conservation IVL Investment Plan for 2025/26

The objectives of the IVL are to:

- Increase visitor numbers to maximise the economic contribution tourism makes to New Zealand
- Enhance the visitor experience, managing the impact on the conservation estate and retaining public consent to allow for continuous growth
- Demonstrate robust value for money and alignment with overall Government priorities.

Conservation investments deliver against these objectives in the following ways:

- As New Zealand’s environment is a major drawcard for international visitors, preserving and enhancing our world class conservation lands maintains this drawcard and helps to ensure visitors’ expectations of New Zealand are met.
- Showcasing the benefits of IVL investments helps to maintain the social license for tourism by highlighting the contribution that international tourists are making to conservation.
- Investing in our most popular visitor sites improves the visitor experience, which helps to encourage more visitors while managing their impacts on the environment.
- Improving biodiversity and heritage across the country creates more potential destinations for visitors to enjoy, dispersing the benefits of tourism outside the main tourist centres.

Programme and description	Project and description	25/26	26/27	27/28	Alignment with conservation and visitor criteria	Alignment with value for money
Exceptional visitor experiences at our popular places This includes better experience management, ensuring we are adequately maintaining our toilets, carparks, bridges and shelters, and providing modern and adequate amenities.	Managing visitor pressures Managing visitor sites under pressure from growing visitor numbers requires focussed investment: <ul style="list-style-type: none">• Increased resourcing to manage visitors at peak times. Improving levels of service in visitor centres in National Parks and additional rangers over the busy season/s to be more visible to visitors. Investment to support work on front country facilities, parking and visitor flows, managing waste and undertaking compliance (e.g. concessions checked, campsite fees paid, drone use permitted etc.).• Destination management: focused management of complex visitor issues across DOC’s most highly visited and high value sites (e.g. <i>Milford Sound Piopiotahi, Aoraki / Mt Cook, Franz Josef, Tongariro National Park, Waipoua Forest</i>).<ul style="list-style-type: none">o <i>Milford Sound Piopiotahi</i> – begin implementation of experience improvements along the corridor. \$2.5m of further IVL funding would be required in year 3 and beyond to complete the proposed \$8.5M package of improvements.o <i>Aoraki / Mt Cook</i> – Development of a management plan and begin implementation of the plan. Further funding would be required in year 3 and beyond to fully implement the plan.• High volume key sites: Projects to provide fit-for-purpose visitor experiences at high volume sites (e.g. <i>Goat Island, Rangitoto, Matiu/Somes Island, Cathedral Cove, Blue Pools</i>).<ul style="list-style-type: none">o <i>Matiu/Somes Island</i> visitor experience plan to improve management of site following the wharf replacement.	\$4.3	\$7.1	\$2.2	Increased infrastructure capacity to attract and support visitors Investing in our growing visitor sites encourages more visitors by improving the visitor experience, while managing their impacts on the environment. Investment will enhance the visitor experience and better manage the impact of visitors at peak times.	Investment focusses on improvements to some of our highest profile sites, creating fit-for-purpose and practical solutions to issues with increased visitation.
	Managing core visitor products Funding for improvements to achieve and maintain minimum service levels for DOC-led visitor experiences (e.g. Great Walks, Short Walks, Day Hikes, Overnight tramps, scenic spaces, campsites and biking) and for experiences DOC has a key role in delivering with others (e.g. Great Rides, Te Araroa Trail, Tohu Whenua). <ul style="list-style-type: none">• Investment in Great Walks to ensure walks remain up to standard (funding for years 1 and 2 only).• Investment to lift the standard of 326 campsites. Includes additional resources to manage campsites effectively (funding for years 1 and 2 only).• Roll-out of Tohu Whenua tourist sites. Delivers multiple sites across eight regions over three years.	\$3.2	\$3.7	\$1.5	Increased infrastructure capacity to attract and support visitors Will enhance regional dispersal of visitors outside the main tourist centres and help provide high quality, year-round and varied experiences.	Investment focusses on DOC’s core visitor destinations and experiences, like Great Walks and campsites, ensuring we are meeting standards and expectations. Investment will also focus on experiences with partners, maximising investment opportunities.
	TOTAL COST FOR VISITOR PROJECTS	\$7.5	\$10.8	\$3.7	\$22M	

<p>Restoring unique wildlife and supporting thriving landscapes in National Parks and priority visitor sites</p> <p>This will improve the experience visitors have in national parks and popular places with increased bird, mammal and plant life, achieved through increased control of possums, rats, stoats, weeds and goats.</p>	<p>Restoring unique wildlife in national parks, islands and popular sites through:</p> <p>Growing populations of iconic bird species in National Parks and popular visitor sites through:</p> <ul style="list-style-type: none"> • Expanding predator control (aerial 1080) in national parks for possums, rats and stoats. • Goat management to reduce impacts on areas with endangered / threatened species and with forest damage that is visible to visitors <p><i>Includes work in five national parks (Abel Tasman, Whanganui National Park, Kahurangi National Park, Paparoa National Park, Westland Tai Poutini National Park), Kaimai Forest Park and iconic landscapes of Central Otago and Marlborough.</i></p> <p>Increasing populations of threatened species in national parks, islands and popular visitor sites through:</p> <ul style="list-style-type: none"> • Recovery of priority, highly threatened species including kea, hectors and maui dolphins, marine mammals, Fiordland crested penguin • Increasing marine biodiversity protection for key marine diving sites <p><i>Includes work in Poor Knights, Cape Rodney-Okakari Point (Goat Island), Te Whanganui-o-Hei (Cathedral Cove), Fiordland marine reserves, Hen and Chickens, Rangitoto, Tiritiri Matangi, Motutapu, Kapiti, Anchor, Ulva, Coromandel (Mercury Group), Marlborough Sounds, Fiordland, Westland, Aoraki, Aspiring National Park, Arthurs Pass National Parks, South West World Heritage Area.</i></p>	5.05	7.7	9.8	<p>Preserve and enhance a world class conservation estate</p> <p>Improves condition of most popular and famous areas, forests are thriving, protecting high priority and iconic threatened species in places where visitors are most likely to see and interact with them.</p> <p>Enhances biodiversity on islands where with high visitor numbers and where habitats and species are highly sensitive to visitors.</p>	<p>DOC's National Predator Control Programme is well established, with successful results for threatened species protection</p> <p>Elimination of isolated populations of goats will no longer require ongoing management. Other investment will ensure previous investment is not wasted.</p> <p>Management of islands is one of the best and most cost-effective methods of protecting ecosystems and species.</p> <p>Investment over a 3-year period will allow DOC to bring predator numbers down and threatened species numbers up to a point they can be managed as part of ranger BAU work.</p>
	<p>Supporting thriving landscapes in our National Parks and at popular visitor sides through:</p> <ul style="list-style-type: none"> • Removing wilding conifers from iconic landscapes to significantly reduce the spread of this expensive pest weed. Expands on existing MPI-led programme. • Managing significant weed issues at iconic sites that reduce suitability of places to home iconic threatened species (e.g. kaki and braided river birds). Includes investment in development of the Smart Weed Alert Tool to support early detection and reduce future costs. <p><i>Includes work in Rakiura National Park, Mackenzie Basin, Central Otago, Kaikoura, Clarence, St James Aoraki National Park, Tasman Braided River, and in Northland: Mt Manaia, Bream head, North Cape, Te Pahi,</i></p>	5.63	2.3	2.52	<p>Preserve and enhance a world class conservation estate</p> <p>Enhance the condition of our famous and popular landscapes, ensuring natural habitats thrive as well as plants and animals. Visitors find it easier to experience pristine natural environments.</p>	<p>Builds on existing wilding conifer control work (MPI-led) so gains are not lost.</p> <p>Increase in funding will enable elimination of priority weed populations to stop them spreading further and requiring more intensive management in the future. It will also fund some priority ongoing control.</p>
	TOTAL COST OF BIODIVERSITY PROJECTS	\$10.2M	\$9.9 M	\$12.9M	\$33M	
TOTAL		COST OF TOTAL PROGRAMME OVER 3 YEARS			\$55M	



Briefing: IVL funding shortfall

To	Minister of Conservation	Date submitted	17 March 2025
Action sought	Agree approach to addressing IVL funding shortfall	Priority	Very High
Reference	25-B-0105	DocCM	DOC-7898815
Security Level	In Confidence	Timeframe	19 March 2025
Risk Assessment	High		
Attachments	Attachment A – Draft letter to Minister of Finance		

Contacts	
Name and position	Phone
Mike Tully - Deputy Director-General Organisation Support	9(2)(a)
Nick Mayo - Chief Financial Officer	9(2)(a)

Purpose – Te aronga

1. To seek your direction on addressing a \$32 million International Visitor Conservation and Tourism Levy (**IVL**) funding shortfall.

Background and context – Te horopaki

2. When the IVL was established, Cabinet agreed to establish a memorandum account to track expenditure against IVL revenue (DEV-18-MIN-0194). The IVL is a 'levy' and any revenue must be hypothecated (used) for conservation and tourism purposes. The memorandum account was intended to ensure this would happen over time.
3. However, memorandum accounts can only be used for departmental funding and the IVL is Crown revenue. Therefore, the Ministry of Business Innovation and Employment (**MBIE**) established a 'quasi-memorandum' account to track IVL revenue and expenditure. This was noted in a briefing to joint IVL Ministers in February 2019 (DOC reference: 19-B-0061).
4. MBIE and DOC have been operating on the basis this quasi-memorandum account tracks IVL funding, which is available to draw down when funding decisions are made.

5. Since it was established, the conservation share of IVL revenue collected is \$118 million. You (and previous Ministers of Conservation) have fully committed this \$118 million.
6. We recently carried out a reconciliation of IVL funding against our appropriations for the funding generated between 2019/20 and 2024/25 and found that while the conservation share is \$118 million, our appropriations only contain \$86 million of IVL funding, a shortfall of \$32 million.
7. This shortfall came about because in previous years DOC returned unallocated IVL funding from its yearly appropriation, on the basis it was being returned to the quasi-memorandum account and could be drawn down when allocated. We have not been able to find a written agreement to this approach. This year we allocated all the funding we believed was remaining in the quasi-memorandum account, before this issue came to light.
8. Given Cabinet agreement to the use of a memorandum account there was never an expectation that IVL revenue should be committed in the year it was collected. There was also a high degree of volatility to IVL revenue due to COVID-19, which created uncertainty.
9. DOC did not have a mechanism to retain this unallocated funding since it would not have met the criteria for an In Principle Expense Transfer (i.e., the transfer of funding across financial years will only be approved if the cause of the delay is due to 'factors outside of the department's control').
10. We have now been informed by Treasury that there is no legal basis for the quasi-memorandum account and the \$32 million is not available. Treasury have informed us that other agencies are also using quasi-memorandum accounts and are facing the same issue.
11. The loss of this funding would negatively impact DOC's ability to support the growth of tourism. You have been focusing IVL investment to support the Government's objective to increase visitor numbers while retaining social licence for tourism. There is a strong case for DOC retaining this IVL funding to support the 2025 Growth Budget. Tourism will play a core role in growing the economy and investing in the major drawcard of New Zealand's environment can support this growth.
12. Note, MBIE are in a similar situation, they have been told roughly \$60 million of unallocated funding is no longer available. The MBIE situation differs from DOC's slightly as they had not yet allocated all of the funding to projects.

You have two options for addressing this issue.

13. You can write a letter to the Minister of Finance requesting this funding. We recommend this option. Given IVL revenue should be hypothecated, there is a case for DOC retaining this funding. However, given the very tight fiscal environment, it is unlikely that new funding is a realistic option, and the Minister of Finance may consider that this funding has been 'provided' to DOC via its baseline (similar to the wider IVL 'revenue swap' process). Alternatively, you can choose to absorb the shortfall from future IVL revenue, reducing the total available for future projects.

Requesting the \$32 million

14. Treasury have advised us that the only way to access the \$32 million is to seek the funding from the Minister of Finance.
15. We have drafted a letter (Attachment A) should you wish to choose this option.
16. The key points in the letter are:

- The IVL was established with the intention the money be held in a memorandum account to ensure revenue was hypothecated for conservation and tourism purposes.
- DOC and MBIE have been operating on this basis and DOC previously returned funding in good faith believing we could draw it down when needed.
- You have already committed the full \$118 million of conservation funding which has been collected under the IVL.
- The IVL is hypothecated to conservation and tourism, returning the funding for general Crown spending creates legal risk and could be seen to be turning the IVL from a levy to tax.

17. 9(2)(g)(i) [REDACTED] We have spoken to MBIE about a similar challenge related to the treatment of the unallocated IVL revenue, pre-committed tourism IVL funds, and the need to maintain the 50:50 tourism and conservation split for discretionary spending.
18. MBIE advised that the Minister for Tourism and Hospitality's office sought clarity from the Minister of Finance on the IVL pre-commitments from 2025/2026 only. They now have confirmation that the \$8.423 million in previous IVL commitments for 2025/2026 does not need to be taken from the \$35 million annual IVL allocation for tourism and will be reflected through Budget 2025.

Absorbing the shortfall from future funding

19. You have indicatively agreed the \$55 million funding package for 2025/26 (25-B-0074 refers). The package phases funding over three financial years and the total to be spent in 2025/26 is \$17.7 million. This package is currently being considered by the Minister of Finance.
20. We intend to prepare a four-year IVL investment plan covering the period 2026/27 – 2029/30, totalling \$220 million.
21. The \$32 million shortfall could be funded from the 2025/26 allocation with \$32 million from the agreed package then being funded from the \$220 million four-year plan total.
22. This will reduce the total available for the four-plan to \$188 million but has the advantage of spreading the impact over four years.
23. Losing the \$32 million of funding will result in lost benefits to New Zealand, in relation to less investment in the management of popular tourism locations, including ensuring biodiversity in these areas thrive. For example, this money could support:
- significant aerial 1080 operations in the majority of national parks for four years, which would result in improved forest life, and improved condition of threatened species.
 - improvement of visitor infrastructure in priority places, such as Aoraki and Milford.

We are engaging with Treasury to prevent this issue reoccurring

24. Treasury have agreed that moving forward we need clearer treatment of hypothecated IVL revenue, and that the agreed process should be confirmed in writing.
25. Following the Minister of Finance's decision to move to a fixed IVL allocation of \$55 million in new spending each year, it will be easier to manage the movement of unallocated funding. In future we can likely do this as a technical adjustment (para 60 of CO(18)2), with a clear explanation, in a baseline update or as a budget technical initiative each year.

Risks, implications, and consultation

26. The loss of \$32 million in funding would reduce the impact we are able to make from our future IVL investments. The IVL is a key tool to drive the Government's objective to increase tourism, which is well aligned with the 'Growth Budget'. The loss of funding would reduce the improvements we are able to make to visitor experiences and to enhancing the biodiversity which international visitors come to enjoy.

Legal implications – Te hīraunga a ture

27. There may be legal risk to DOC (and the Crown) should DOC not receive the returned IVL funding. The IVL is hypothecated (limited) to be spent only on conservation and tourism. If DOC previously returned IVL funding to the Crown and it was used as general Crown funding this would not be in line with the hypothecation.

28. 9(2)(g)(i) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

29. 9(2)(g)(i) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Consultation – Kōrero whakawhiti

30. We have engaged with Treasury on this issue. They advised that you contact the Minister of Finance if you wish to request this funding.
31. We have discussed this issue with MBIE who have encountered a similar problem. They now have confirmation that the \$8.423 million in previous IVL commitments for 2025/2026 does not need to be taken from the \$35 million annual IVL allocation for tourism and will be reflected through Budget 2025.

Next steps – Ngā tāwhaitanga

32. If you wish to request the \$32 million from the Minister of Finance, you should send the attached letter to her by Thursday 20 March 2025. Returning the funding would need to be transacted through the Budget process, and Treasury has advised a cut off for input into the Budget process of Thursday this week.
33. If you wish to absorb the funding shortfall from future IVL revenue we will action this through the development of the four-year plan.
34. We will work with Treasury and MBIE to establish a more appropriate system for handing IVL revenue moving forwards.

We recommend that you ... (Ngā tohutohu)

		Decision
a)	Agree to send the attached letter to the Minister of Finance Or	Yes / No
b)	Agree to absorb the \$32 million IVL funding shortfall from future IVL revenue	Yes / No



Date: 17/03/2025

Mike Tully
**Deputy Director-General Organisation
Support**

Date: / /

Hon Tama Potaka
Minister of Conservation

ENDS



19 March 2025

Nicola Willis
Minister of Finance

Tēnā koe Nicola

International visitor conservation and tourism levy funding shortfall – conservation

While undertaking a reconciliation of International Visitor Conservation and Tourism Levy (IVL) revenue and expenditure between 2019/20 and 2024/25, my officials found a discrepancy of \$32m between the conservation share of IVL revenue collected (\$118m) and the IVL funding in Vote Conservation appropriations (\$86m).

When the IVL was established, Cabinet agreed to manage the revenue and expenditure through a memorandum account (DEV-18-MIN-0194). However, memorandum accounts can only be used for departmental funding and the IVL is Crown funding. Therefore, MBIE established a 'quasi-memorandum' account to track IVL revenue and expenditure. This was noted in a briefing to joint IVL Ministers in February 2019 (DOC reference: 19-B-0061, MBIE reference: 2118 18-19).

DOC and MBIE have been operating on the basis the quasi-memorandum account tracks IVL revenue and expenditure, and DOC has previously returned funding to the Treasury in good faith believing they could draw it down when needed.

After six years of operating in this way, the Treasury informed DOC on March 13, 2025, that the quasi-memorandum account does not have a legal basis and that the returned IVL funding is no longer available.

I (along with previous Ministers of Conservation and IVL ministers where relevant) have fully committed the \$118m of IVL conservation revenue, on the basis that this had been collected and was available in the quasi-memorandum account for future conservation spending.

I understand the Minister for Tourism and Hospitality has raised a similar issue with you, although unlike the conservation portion, a large part of the tourism funding was unallocated. I understand you have agreed to return around \$8.5m of IVL funding for previous tourism commitments.

I have focused my investment decisions towards delivering excellent visitor experiences and improving species and habitats that visitors interact with. This will reinforce the reasons why visitors want to travel here and support the regional economies that are reliant on tourism. Around 50 per cent of international visitors visit a national park during their stay in New Zealand and this investment will help to ensure those visits meet expectations of New Zealand's unique natural beauty and biodiversity.

Given that IVL revenue is hypothecated to be spent on conservation and tourism and Cabinet agreed this should be tracked through a memorandum account I believe it is reasonable to expect this funding should be available for future conservation purposes.

If the funding is not returned, the \$32m will have to be taken from future IVL allocations, and this will reduce the total available to be allocated in our upcoming longer term IVL investment plan.

I seek your agreement for this funding to be returned to DOC through the Budget process. This will ensure we deliver on the intent of the IVL and maximise our IVL investments in line with the Government's IVL objectives to increase visitor numbers, support sustainable growth and deliver high-value investments. We will need to resolve this issue urgently in time for Budget 2025.

Mauriora

A handwritten signature in blue ink, appearing to read 'Tama Potaka', with a stylized flourish at the end.

Hon Tama Potaka
Minister of Conservation