

A PIOPIOTAHİ—A UNIQUE TREASURE TO SHARE AND SAFEGUARD FOR FUTURE GENERATIONS

01. OUR PREFERRED OPTION

- ✓ A step change in the visitor experience, with the creation of **new immersive cultural experiences, new commercial accommodation options, walking and cycling trails**, to provide more options throughout the corridor and help slow down the journey.
- ✓ **A new approach to managing access**, with the introduction of an International Visitor Access Charge (IVAC) of \$100 (from within a range of \$75-\$100) and limiting the number of carparks. Visitors will either need to pre-book a carpark or arrive by bus to access the village.
- ✓ **\$592m in major improvements to facilities** for visitors including significant upgrades to visitor facilities and new opportunities for tourism operators throughout.
- ✓ **Upgrades and spatial enhancements to the village**, directly addressing the area's natural hazard and seismic risk while designing the area to be more sympathetic to the environment and to create a greater sense of arrival.
- ✓ An opportunity for a **reset of the strategic vision and management of the place** which can embolden mana whenua, operators, conservation groups and other parties to act in a co-ordinated way to manage the tourism and conservation pressures the place is facing.
- ✓ **New commercial opportunities for private enterprise**, streamlining processes and strengthening certainty in the regulatory environment for operators to make investment decisions and innovate which will ultimately enable strong regional growth.
- ✓ **Giving effect to Ngāi Tahu rights, interests and aspirations** through the provision of genuine opportunities for self-determination by participation in decision-making, access to commercial opportunities and a more visible footprint within the place.

02. UPGRADES AND SPATIAL ENHANCEMENTS TO PIOPIOTAHİ MILFORD SOUND VILLAGE



PIOPIOTAHİ MILFORD SOUND VILLAGE FEATURES:

- Enhancing the layout for Piopiotahi Milford Sound village to create a compelling sense of arrival for visitors, to protect and enhance the pristine natural environment and reduce visitor exposure to seismic risk, and to give a compelling sense of arrival with view shafts through to Rahotu Mitre Peak from the main arrival along the road.
- Returning the foreshore to its natural state, while protecting valuable views to Rahotu Mitre Peak by rerouting the highway away from the foreshore and enabling native riparian replanting.
- Relocation of staff and visitor accommodation to areas with greater resilience and reduced exposure to natural hazards, in particular landfall induced tsunami.
- Recognition of the Ngāi Tahu Tauranga Waka (traditional arrival place for waka).
- Recognises that visitors arrive by different modes. The aerodrome is retained but with improvements to better match the world-class experience the area warrants. Cruise ships are also retained with increased focus on minimising environmental effects.
- A new world-class visitor centre to welcome visitors and tell the stories of the place.
- New nature walks, activities, lookouts, and refreshment options, enabling a wider range of experiences in the village and revegetation of remaining areas.

We have tested the feasibility of the developments anticipated by the Masterplan at each node along the journey into Piopiotahi Milford Sound. Our preferred option includes changes to the Masterplan based on the latest understanding of the environmental effects, engineering assessments, tourism market insights and aspirations of mana whenua, Ngāi Tahu. Our proposed investments will help to disperse visitors on their journey into Piopiotahi Milford Sound, enabling us to better manage congestion at Piopiotahi Milford Sound itself and to sustainably grow the capacity of the National Park to host visitors without further adverse effects on its conservation values.

The evidence on the risks posed by an Alpine Fault earthquake of magnitude 8.0 or greater has gained prominence as further research into the risk has been undertaken. A landslide-induced tsunami impacting Piopiotahi Milford Sound has been identified as the greatest natural hazard risk facing the project, requiring new mitigation measures. We have carefully considered these risks and amended some of the initial proposals, including shifting accommodation away from Piopiotahi Milford Sound village, and into the Cleddau Flats Service Area and Te Huakaue Knobs Flat.

Option 4 spatial plan key:

- VISITORS CENTRE NODE
- FRESHWATER NODE
- CLEDDAU DELTA NODE
- DEEPWATER BASIN NODE
- TAURANGA WAKA LANDING
- CULTURAL GATHERING SPACE
- WHENUA / MOANA CONNECTIONS
- VISITORS CENTRE
- STAFF ACCOMMODATION
- BOAT TERMINAL
- BUS LOYER
- BUS DROP OFF / PICK UP
- FOOD CARTS
- BOAT TRAILER PARKING
- KAYAK LAUNCH / RAMP AND STORAGE
- COMMERCIAL WHARF
- HELIPORT
- CAR PARKING
- UTILITY
- TRANSITIONAL COASTAL REVEGETATION (SELECTIVE)
- TRAILS
- BOARDWALK
- PONTOON
- VIEWS
- VIEWING AREA

More than \$114m available to invest in conservation, biodiversity, and the marine environment over the first ten years, and more than \$4.8b available over 50 years (52% of the revenue gathered through the IVAC).

03. INVESTMENTS THROUGHOUT THE MILFORD CORRIDOR

Node 1 & 2: Te Anau, the Fiordland National Park Gateway, and Eglinton Reveal

A starting point of the journey at Te Anau, with a landmark visitor hub and inspiring education centre.

A culturally significant gateway pouwhenua that communicates the kaitiakitanga of Ngāi Tahu and signals to visitors that there are cultural histories connected with the place.

A grand vista at Eglinton Reveal enabled by short stop laybys, walking access to Upokororo Eglinton River.



Node 3: Mirror Lakes and Te Huakaue Knobs Flat



Te Huakaue Knobs Flat is a central node in the visitor journey. It offers the most potential to slow visitors and deliver immersive natural and cultural experiences, with a range of new accommodation options that appeal to different types of travellers and act as a base for accessing a wide range of experiences.

Due to its location and current footprint, it provides the best opportunity to develop as a tourism service hub and future staff accommodation (shifted from Piopiotahi Milford Sound village).

The nearby Mirror Lakes will be improved with toilets, rain shelters, bus stops, and new interpretation.

Node 4 & 5: Ō Tāpara Cascade Creek and Mistake Creek, and The Divide

Redevelopment at the Cascade Creek campground provides opportunities for sustainable commercial accommodation. This node acts as a further hub to access Piopiotahi Milford Sound and additional walks or easy tramping tracks around Lake Gunn.

Improvements to natural hazard resilience at The Divide.

Creation of an enhanced break/rest point on the journey into Piopiotahi Milford Sound with new shelter and toilet facilities as well as an improved Hinepitiwai Lake Marīan accessible walkway to the Hollyford River lookout, and connection to cultural narratives.



Node 6 & 7: Gertrude, Cleddau and the Chasm short stop



Monkey Creek and Lone Tree short-stop opportunities are a key experience needed for traffic management leading to Homer Tunnel and meets the demand for alpine experiences and photo opportunities while also protecting against avalanche risk.

Upgrades to the Chasm, an existing experience to view a dramatic series of waterfalls through water-sculpted rocks. Investments to track, bridging, carpark, and road layout to enable the loop walk to be reinstated.

Image Credit: Gertrude Valley by Andreas Sjøvall via Unsplash.

* Numbers rounded to one decimal place.

B OUR PREFERRED APPROACH IS SELF-FUNDING

and will also generate a significant revenue stream to invest in the protection of the natural environment and provide safer world-class facilities for visitors.

01. THE PREFERRED OPTION WILL REQUIRE AN INVESTMENT OF \$4.5B OVER 50 YEARS

A total of \$4.5b is required to be funded, and a total amount of funding of \$9.2b is estimated to be available with the International Visitor Access Charge (IVAC) in the form of a levy set at \$100 per visitor.¹

The preferred option will require a range of costs to be funded:

- ✓ The costs to upgrade and maintain infrastructure required to support an enhanced and safer visitor experience.
- ✓ Other operating costs, including the costs to govern, manage and administer the programme, and the interest and other costs associated with the financing arrangements.
- ✓ A dedicated conservation and environment revenue stream that can be applied to further investment in conservation and environmental activities.

Cost category	Total financial costs
Project capital expenditure	\$591.9m
Renewal operating expenditure	\$1,367.6m
Project operating expenditure	\$31.9m
Ongoing operating expenditure	\$1,512.4m
Depreciation expense	\$973.6m
Total costs required to be funded	\$4,477.5m
Revenue available for conservation and environment activities	\$4,753.5m

CAPEX21%

OPEX27%

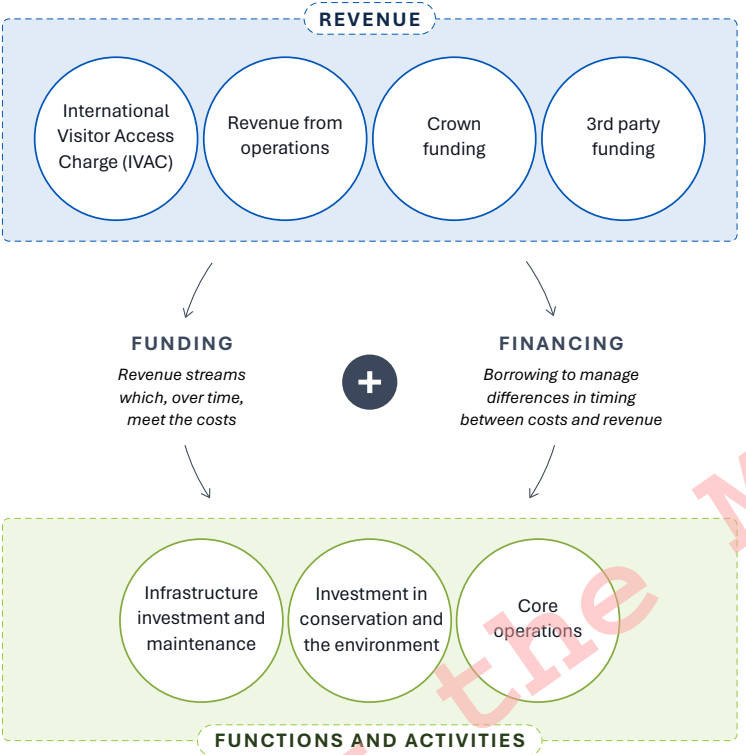
Reinvested into conservation and the environment52%

1. Cost associated with the outcome of commercial negotiations have been provided for in the financial model.
* All numbers have been rounded to 1 decimal place.

02. FUNDING SOURCES

Currently there is no direct mechanism for international visitors to directly meet the cost of accessing the national park, while New Zealanders contribute indirectly through general taxation.

Current funding mechanisms are insufficient to meet the investment requirements of higher visitor volumes.



03. THIS WILL BE FUNDED AND FINANCED THROUGH A NEW CHARGE TO BE IMPOSED ON INTERNATIONAL VISITORS

The preferred option proposes a charge of \$100 on all international visitors. Access charges are relatively common internationally. Kantar research has shown a high willingness to pay for access from international visitors, where the fee is connected to the infrastructure and local conservation activities.

- Key features of the IVAC:**
- Charged on all international visitors, defined as anyone not a resident or citizen.
 - 50% charge for children aged 14 or younger.
 - Applies to all entering the defined area, regardless of whether by vehicle, cruise ship, or walking track.
 - Collected through a dedicated online booking, or directly through operators.
 - Anyone with Ngāi Tahu whakapapa will be exempt.

04. THE BOARD CONSIDERED A RANGE OF LEVY SCENARIOS TO SUPPORT THE PREFERRED OPTION. WHILE THE OPTION IS FINANCIALLY VIABLE AT A LOWER IVAC RATE, THIS MATERIALLY REDUCES THE AMOUNT OF FUNDING AVAILABLE TO REINVEST IN CONSERVATION AND ENVIRONMENTAL OUTCOMES.

The proposed charge can be securitised to support access to private finance, meaning that the proposed investments can be self-funded.

The introduction of an IVAC as a levy for Piopiotahi Milford Sound provides a dedicated revenue stream that can be securitised and borrowed against, similar to how revenue from rates is treated in a local government context.

Crown Infrastructure Partners (CIP) have been engaged and support the attractiveness of this revenue stream to the private market. CIP's preliminary view is that the Project is likely to be attractive to lenders given its environmental, economic, and social benefits. CIP noted the IVAC revenue stream is expected to be securitisable, but has some characteristics that would need to be taken into account in structuring credit enhancement for any Special Purpose Vehicle (SPV) established to raise finance.

In advance of the full implementation of necessary legislation and regulatory change, the programme would require access to a fiscally neutral Crown loan of \$59m, which would be fully re-paid once the IVAC was introduced and private finance was secured.

KEY ASSUMPTIONS

- Borrowing estimated in FY 25/26 and FY 26/27 utilises a fiscally-neutral Crown loan, which the entity would also be required to pay interest expense on.
- A legislatively-backed IVAC is introduced and able to be collected beginning 1 July 2027.
- The IVAC revenue is able to be securitised and borrowed against.
- Private financing rates are available on terms similar to those offered through Infrastructure Funding and Financing (IFF) funding arrangements.
- The length of the debt terms for private finance is assumed to be 30-year bonds, and this borrowing is available at rates approximately 100 basis points (bps) above the Crown's rates of borrowing.
- In the financial model, we have estimated the Crown's rate of borrowing as 4%, and the private finance at a rate of 7%.
- To ensure that debt remains within prudent levels, we have capped the maximum debt that can be utilised by the entity at prudent, investment-grade borrowing ratios.

\$114m
\$4.8b

More than \$114m available to invest in conservation, biodiversity, and the marine environment over the first ten years, and more than \$4.8b available over 50 years.

\$592m

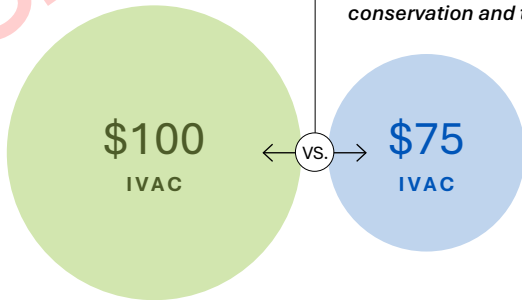
\$592m in major improvements to facilities for visitors including significant upgrades to visitor facilities and new opportunities for tourism operators throughout.

This will more than double the funding available from DOC for Te Rua o te Moko Fiordland National Park over the first ten years, and provide an approximate 10x increase over the full 50 years.

Figure 1. Comparison of Option 4 \$100 IVAC vs. \$75 IVAC

IVAC OF \$100

Total Revenue:	\$9.2b
Maximum Debt to Revenue Ratio:	49.7%
Average Gearing Ratio:	37.2%
Amount available for conservation and environment:	\$4.8b



IVAC OF \$75

Total Revenue:	\$7.6b
Maximum Debt to Revenue Ratio:	104.0%
Average Gearing Ratio:	55.1%
Amount available for conservation and environment:	\$2.8b

Figure 2. 50 year cashflows for Option 4: World-class visitor experience and enhances conservation values with IVAC of \$100

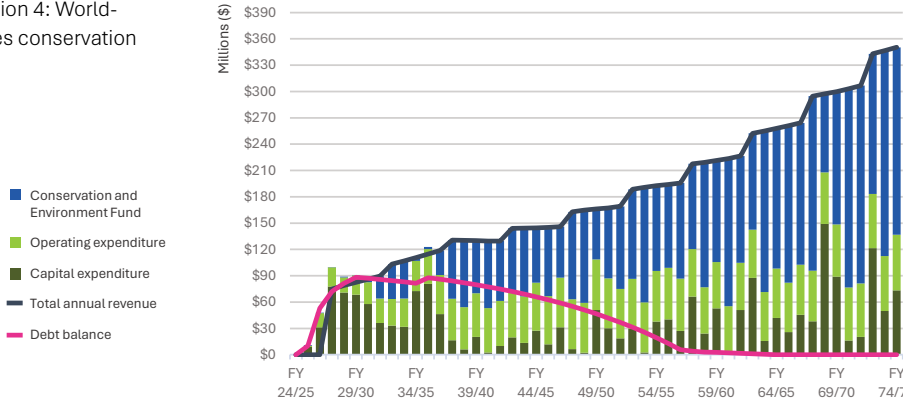
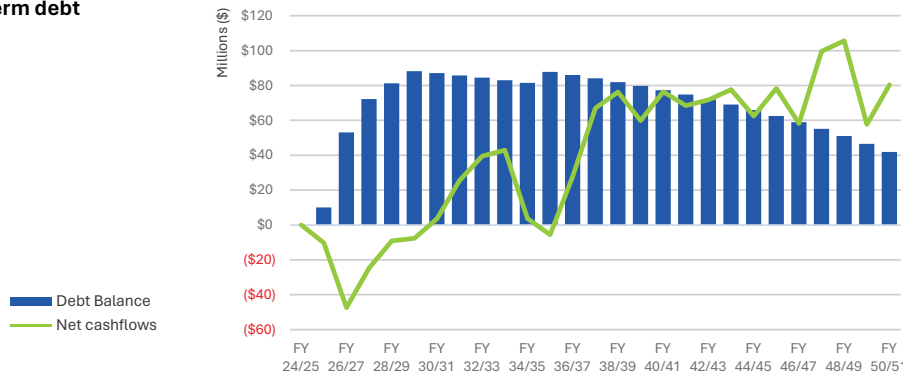


Figure 3. Net cashflow and long-term debt



Alternatives considered include:

Pay as you go

Pay as you go would result in a delay of between 3 and 4 years to any development works, while funds are built up to enable works to commence. Infrastructure renewals would be more challenging, and the funding available for conservation and environment would be subject to large reductions in the years where these renewals were required.

Seed capital from the Crown

A fiscally-neutral loan from the Crown could pay for initial works before a levy was introduced, or in advance of reserves being built up. This could be immediately refinanced and repaid once private financing was in place or paid down over ten years to ensure it remains fiscally neutral.

C WHY CHANGE IS NEEDED

01. PURPOSE AND SCOPE

This Business Case is the product of extensive technical and expert feasibility testing of the Milford Opportunities Masterplan, and engagement and testing with partner agencies and stakeholders. It has been developed in partnership with Ngāi Tahu representatives.

“We must be very careful of this taoka, this treasure, lest we love it to death.”

03. THE STATUS QUO IS NOT AN OPTION

Change is widely supported.

Piopiotaahi Milford Sound is a unique treasure to share, and safeguard for future generations. Piopiotaahi Milford Sound is New Zealand’s premier visitor attraction and a world-class natural heritage destination due to its magnificent natural beauty and internationally recognised conservation value. But it is a place and system under enormous pressure. The Milford Opportunities Project seeks to provide an iconic experience that spotlights the unique conser-

vation and wilderness values of Piopiotaahi Milford Sound as well as its importance to Ngāi Tahu, and provide the means for tourism to make a more direct contribution to conservation and environmental outcomes. We heard almost universal support for taking action to protect and safeguard this unique treasure for future generations. There is a significant opportunity to uphold Piopiotaahi Milford Sound’s extraordinary natural and cultural heritage, enhance and sustain the visitor experience, and harness opportunities to support wider conservation and environmental benefits.

Piopiotaahi Milford Sound is facing five key challenges, the Business Case addresses these directly:



Growing congestion in the middle of the day is compromising the visitor experience. The number of visitors has nearly doubled over the last decade, resulting in overcrowding, noise, and loss of wilderness values that is core to the visitor experience. There is also a large seasonal peak. There is an opportunity to shift to value growth for tourism, with a focus on a more diverse set of activities and facilities to interest different groups of visitors.



Aging infrastructure is not equipped for increased visitation or resilience to future risks. Piopiotaahi Milford Sound is not well organised for the spectacular experience that it offers. Most of the infrastructure is old and in poor condition, and is inadequate for the current visitor demands. Natural hazards pose a significant risk to visitors and the infrastructure, and visitors have a low level of awareness of the risks. Investment will enable a step change in future proofing this area to natural hazard risks.



The natural environment is under increasing stress, with limited resourcing available. Fiordland National Park has an area of 1.2 million hectares, and the Fiordland Marine Area another 928,000 hectares. The ecological values of the Park and Milford Corridor are largely dependent on active predator and pest control efforts. They are sensitive to unmanaged visitor impacts or further habitat loss. Funding pressures within the DOC mean only approximately 0.84% of the funding set aside for the management of conservation land is spent on Fiordland National Park. Establishment of the Piopiotaahi Protection and Restoration Fund creates significant new revenue stream to fund conservation and natural environment.



A strategic reset and shift is needed to enable shared decision making about how to manage and develop tourism sustainably. The regulatory system frustrates and slows investment and decisions. Amendments to existing legislative provisions enable a much more effective strategic management of the area, while maintaining key conservation and environmental protections. The approach may have wider benefits for other areas of the conservation system.

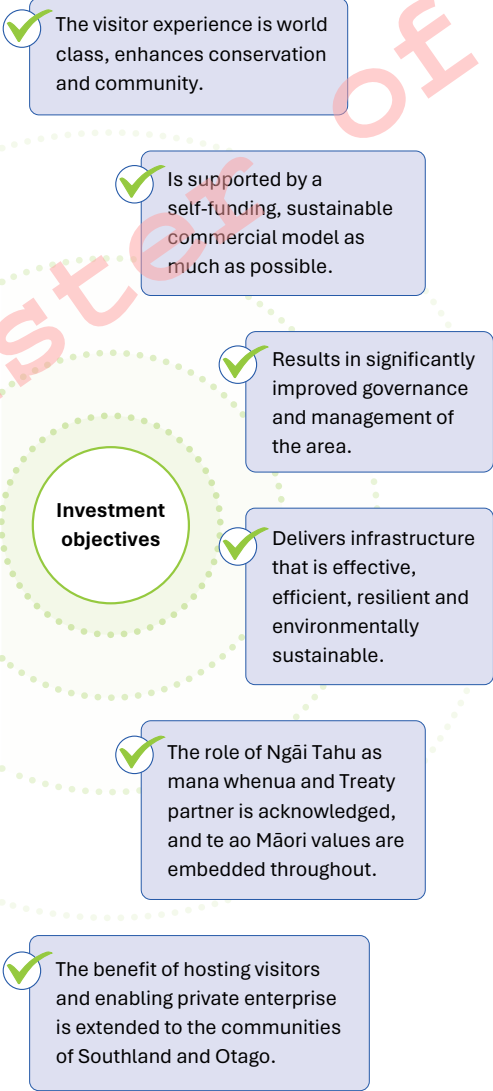


Ngāi Tahu describe Milford as a ‘cultural desert’. Te Rua o te Moko is an extremely important place in the Ngāi Tahu landscape. It was the last great work of Tū Te Rakiwhanoa, who was the carver of rock, shaping Te Waipounamu (the South Island) and making it fit for people to live in. Despite this important connection, mana whenua feel they are limited to reacting to what is happening in the area and that their stories are extracted from their cultural context and poorly understood. Investment will recognise areas of importance to Ngāi Tahu and ensure that Ngāi Tahu stories and connection to the area are embedded in the visitor experience.

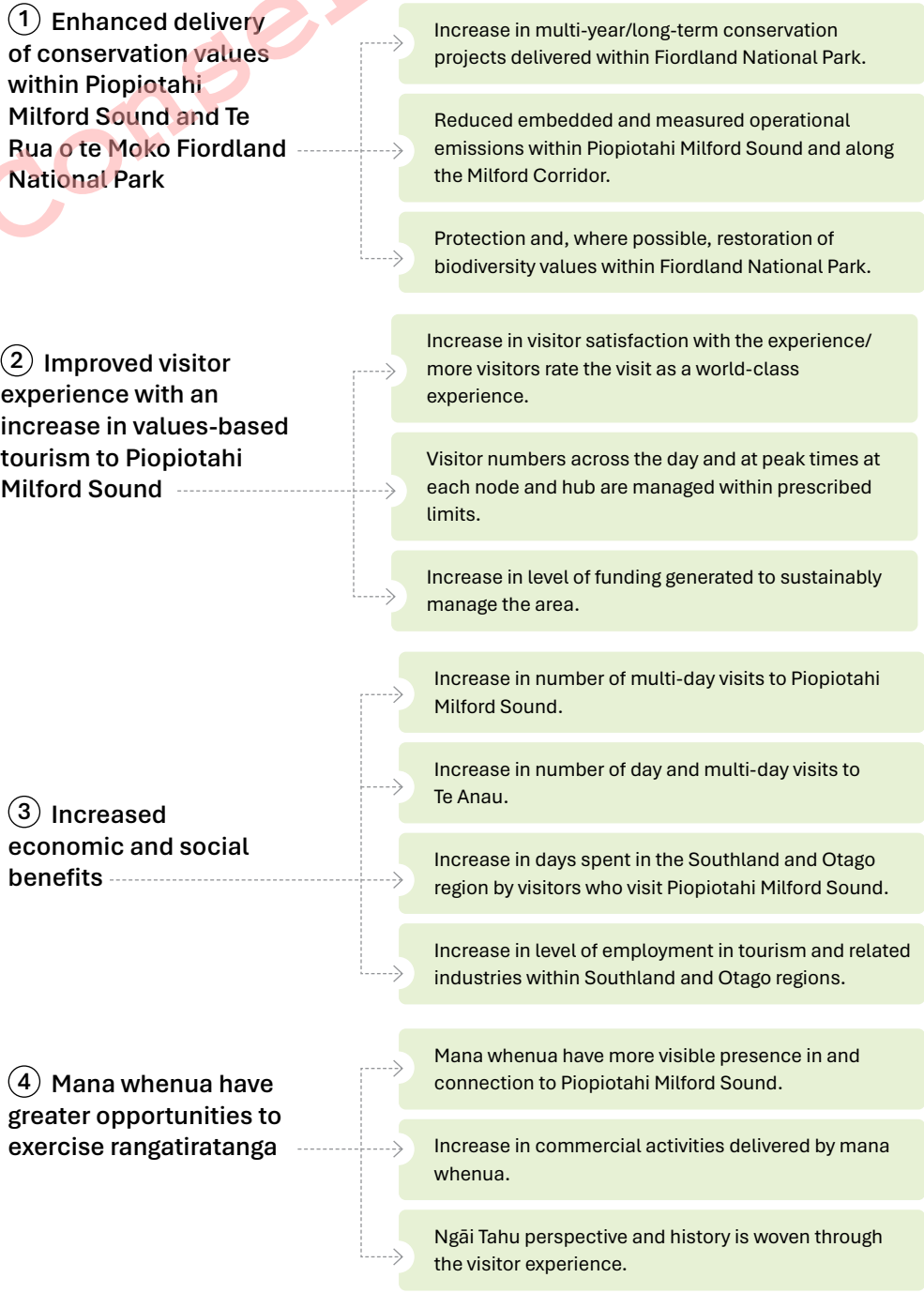
04. WHAT ARE WE TRYING TO ACHIEVE

A step change is needed to better manage and grow tourism in a National Park under pressure. The challenges and opportunities are interconnected, and responsibility is shared across multiple agencies and regulatory regimes.

To do this, the Board has identified six key investment objectives:



05. THESE CHANGES WILL ACHIEVE THE FOLLOWING BENEFITS



KANTAR RESEARCH HAS SHOWN:

- + Visitors to Piopiotaahi are interested in **authentic and immersive experiences**, underpinned by the vast mountainous terrain and the perception of an untouched environment.
- + Both domestic and international visitors exhibit a **high level of interest in short walks, day hikes, and viewing areas**.
- + 55% of international visitors rank **immersion into Māori cultural experiences** as their number one ranked activity of interest.
- + Strong demand for **sustainable accommodation across all markets**, with preferences ranging from luxury to camping.
- + **79% of international visitors support an access charge** as proposed in the Masterplan.

D UNLOCKING THE NEW INVESTMENT OPPORTUNITIES

01. INTRODUCTION

Commercial activities and private enterprise are key to unlocking the potential of Piopiotahi Milford Sound and in taking up new opportunities that arise by improved strategic management of the area.

The preferred option introduces a significant shift in the visitor management approach at Piopiotahi Milford Sound, including a reduced footprint in Piopiotahi village to manage natural hazard risks and reduce congestion. This approach will have a material impact on existing concessionaires, especially those with an ownership interest in the key infrastructure affected.

02. IMPACTS ON EXISTING OPERATORS WILL NEED TO BE CAREFULLY NAVIGATED

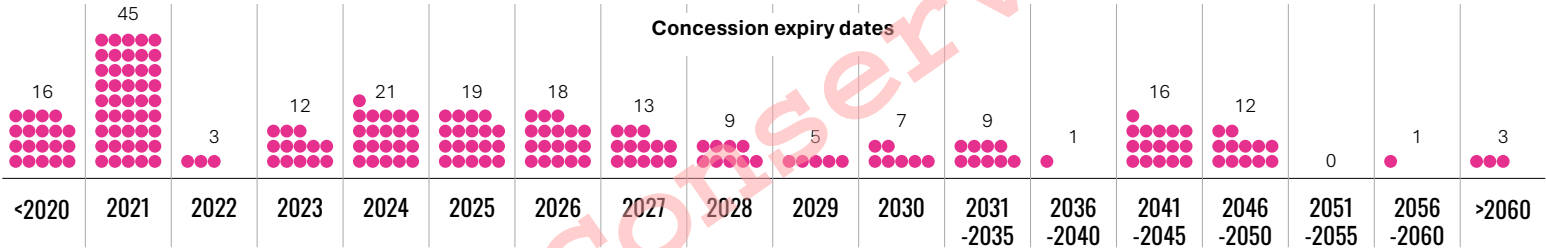
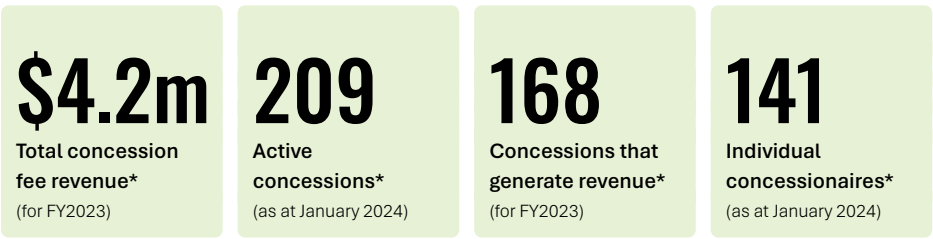
Principles that should guide the transition include:

- ☒ Be open, fair and transparent.
- ☒ Ensure that concessions granted deliver positive outcomes for Piopiotahi Milford Sound and New Zealand.
- ☒ Be Treaty-responsive, informed by the implications of the Ngāi Tai decision.
- ☒ Provide certainty as soon possible.
- ☒ Recognise the contribution concession holders have made to date and the desire to take a collaborative approach in the future.
- ☒ Support new commercial opportunities as a way to introduce greater competition, innovation and performance while aiming to minimise unavoidable negative commercial impacts on existing concessionaires.

03. THE TRANSITION WILL REQUIRE A CAREFUL COMMERCIAL APPROACH FOR EACH CONCESSION AND IMPACTED CONCESSIONAIRES

A case by case approach will be warranted. The current regulatory system does not provide sufficient flexibility to make the kinds of changes envisaged. For that reason, legislation may be needed to enable changes.

04. KEY STATS



05. THE PROPOSALS CREATE A RANGE OF NEW OPPORTUNITIES

The preferred option presents a significant opportunity to enable private enterprise, competition, and innovation in the delivery of world class-visitor experience in an area of immense conservation and environmental value.

New opportunities include:

- New guiding opportunities on new tracks and cycleways.
- Operation of enhanced or new accommodation options, including campsites, cabins, and a lodge.
- Operation of transport and access models.
- Delivery of new visitor experience hubs, including new retail, food, education and entertainment options.

The delivery entity will develop an Investment Plan—this will significantly enhance the efficiency and cost effectiveness, and contribute to the overall success of the programmed investment while also providing clarity on the upcoming opportunities.

A strategic and proactive approach to allocating concessions will represent a significant shift from current practice and a significant opportunity to lift the performance of current operators and the confidence with which they are able to invest.

This involves making use of tendering or other strategic procurement disciplines to improve the way concessions are allocated and managed, in line with the overall vision and strategy for Piopiotahi Milford Sound. This approach will ensure that concessions are awarded to the operator and activity that best meets the broader objectives (rather than on a ‘first in first-in-first-served’ basis). It will also enable strengthened performance management and provide more certainty to operators.

Opportunity types:

BUILD / OWN / OPERATE <div>Public</div> <div>Mixed</div> <div>Private</div>	Definition: The delivery entity constructs, owns and maintains the proposed asset or service. Suitable for: Public goods including shelters, toilets, signs, road infrastructure, and civil defence.
SHARED-RISK ALLIANCE <div>Public</div> <div>Mixed</div> <div>Private</div>	Definition: An integrated team comprising the entity and its suppliers work collaboratively to deliver shared project outcomes. Suitable for: Public, mixed and private goods including visitor hubs, cycle trails, and airport redevelopment.
RIGHT TO OPERATE <div>Public</div> <div>Mixed</div> <div>Private</div>	Definition: The delivery entity constructs the asset, and then transfers rights to operate a service or asset to a third party. Suitable for: Public, mixed and private goods including transport capital investment, visitor hub, and accommodation.
LEASEBACK <div>Public</div> <div>Mixed</div> <div>Private</div>	Definition: The delivery entity constructs the asset, and then transfers ownership and operation of the asset for service to a third party. Suitable for: Mixed and private goods including visitor hub, accommodation and airport redevelopment.
PRIVATE OWNERSHIP <div>Public</div> <div>Mixed</div> <div>Private</div>	Definition: The asset or service is wholly developed and delivered by a third-party. Suitable for: Private goods and services including food, retail, accommodation and other visitor experience offerings.

06. A STRATEGIC APPROACH TO ALLOCATING CONCESSIONS WILL REPRESENT A SIGNIFICANT SHIFT FROM CURRENT PRACTICE THROUGH THE NEW PIIPIOTAHU SPECIAL AMENITIES AREA AND INVESTMENT PLAN

	What strategic approach is required?	What might this look like?
PIIPIOTAHU SPECIAL AMENITIES AREA AND INVESTMENT PLAN	Statutory planning framework for the ‘Piopiotahi Special Amenities Area and Investment Plan’ sets clear direction, expectations, and spatial planning to achieve outcomes.	<ul style="list-style-type: none">Strategic direction and spatial planning to inform administration of concessions, including allocation, conditions and management.
ALLOCATION OF CONCESSIONS	Using tendering or other strategic procurement disciplines to improve the allocation of concessions.	<ul style="list-style-type: none">Allocation informed by the overall vision and strategy for Piopiotahi Milford Sound articulated in statutory planning.Use of best practice procurement methods including procurement criteria and market based tender competition so the concession can be awarded to the operator and activity that best meets the broader objectives (rather than first in first-in-first-served approach).Application of the primary relevant Treaty principles, Active Protection and Partnership, to ensure Ngāi Tahu is given appropriate opportunity to participate in any new concession opportunities presented by the plan. These considerations will pay particular regard to the economic benefit to iwi, the active protection of mana whenua interests and the consideration and protection of identified cultural values.
CONDITIONS IN CONCESSIONS	Concession conditions ensure the activity supports broader outcomes through setting standards for the activity.	<ul style="list-style-type: none">As with allocation, conditions would be based on an overall Piopiotahi Milford Sound vision that translates to specific concessions.Conditions could require, incentivise, and monitor activities.
MANAGEMENT OF CONCESSIONS	Management approaches that ensure high concession standards are met to achieve project outcomes through oversight and performance management.	<ul style="list-style-type: none">This includes more regular monitoring, review, self-reporting, evaluation, and an ability to manage performance (including through concession cancellation in extreme circumstances).This includes applying strategic supplier relationship management approaches, identifying the most important or strategic operators, and developing a relationship and monitoring plan to achieve tourism and conservation outcomes.Consideration is needed as to how it would fit with the current regulatory approach.

* This information is indicative only and is based on a data set produced in 2020. Legal due diligence is required to ascertain numbers with a high degree of confidence. Numbers rounded to one decimal place. For FY23 (calculated based on filed returns in DOC database, therefore is indicative and does not necessarily reflect full fee revenue)

E IMPLEMENTATION ARRANGEMENTS

01. A FUNDAMENTALLY NEW APPROACH

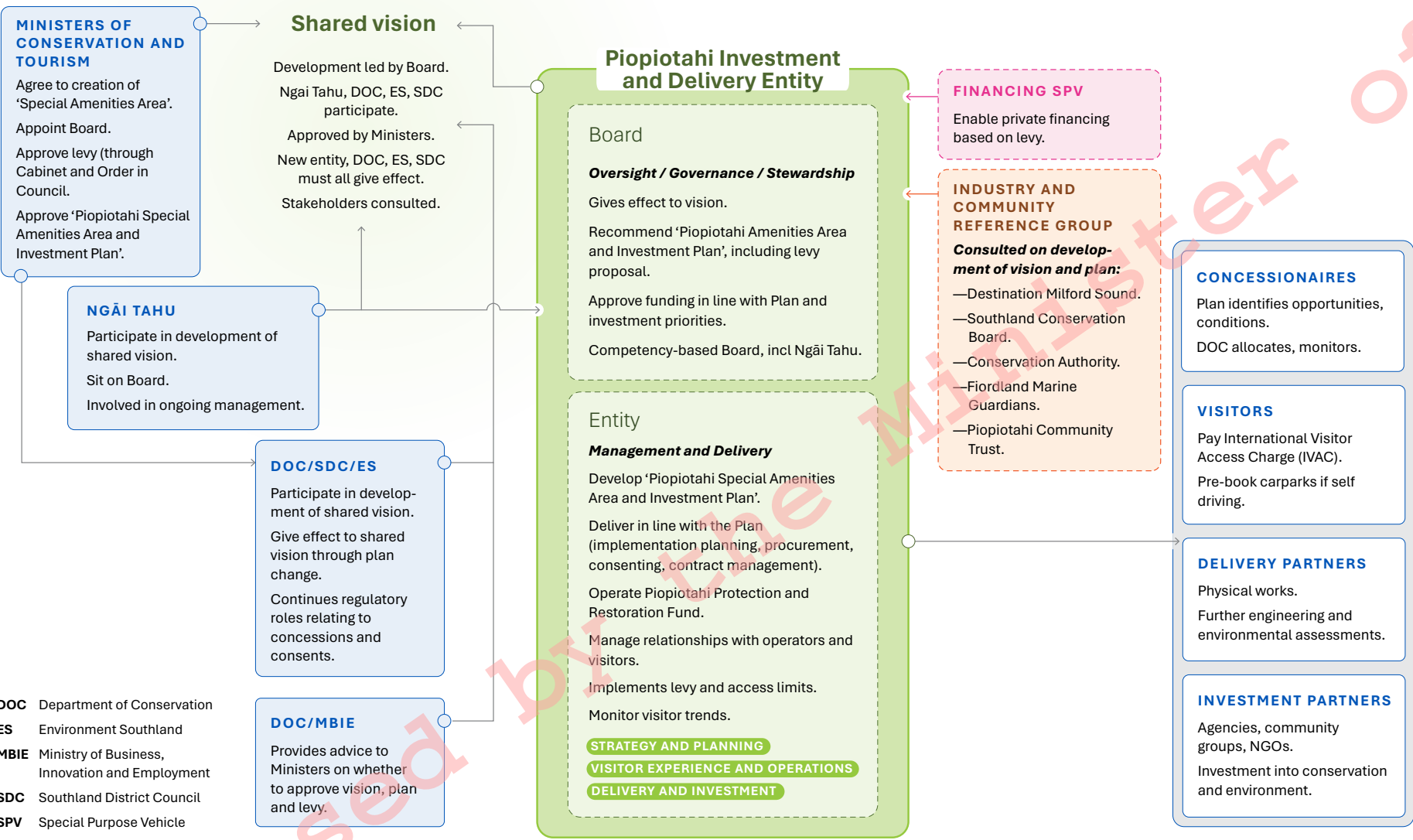
A new governance and management model is needed:

- Legislative change to create an enhanced 'Special Amenities Area', to better manage high volume pressures.
- Providing for a shared vision to guide the activities of interested parties on both the land and the water.

A more responsive planning approach through a new 'Piopiotahi Special Amenities Area and Investment Plan' that replaces relevant sections of the National Park Management Plan (NPMP) for the new 'Special Amenities Area', and identifies the packages of works to be delivered and over what timeframe.

- New Piopiotahi Investment and Delivery Entity with purpose and functions defined in legislation.
- Institutional arrangements and accountabilities to support private financing.

02. NEW PIOPIOTAHU INVESTMENT AND DELIVERY ENTITY



05. IMMEDIATE NEXT STEPS

A THREE-PHASED IMPLEMENTATION PLAN IS PROPOSED (OVERLEAF).

Within Phase 1, we recommend the following immediate next steps:

- 2024**
 - JUL** — Receive Business Case.
 - OCT** — First order policy decisions from Ministers and Cabinet, and associated public announcements.
 - NOV** — Construction of gateway Pouwhenua and identification of early wins.
 - Public consultation on key policy and legislative proposals, to support legislative decisions (particularly 'Special Amenities Area' concept and approach to levy).

- 2025**
 - FEB** — Final policy decisions and drafting instructions.
 - Seek Crown loan (fiscally neutral) through Budget 2025 process.
 - MAR** — Shadow entity and transition Board begin developing shared vision and new 'Piopiotahi Special Amenities Area and Investment Plan', scoping levy collection mechanisms.
 - MAY** — Budget approval of Crown loan (fiscally neutral).
 - JUN** — Legislation introduced to the House.
 - Identify and consent early wins and remaining technical analysis.

- 2026**
 - JUN** — Legislation passed with International Visitor Access Charge (IVAC) confirmed to be in place one year later, new Board appointed, begin implementing charge collection systems.

- 2027**
 - JUN** — Shared vision and 'Piopiotahi Special Amenities Area and Investment Plan' in place.
 - 01 JUL** — IVAC and supporting systems in place.

* Numbers rounded to one decimal place.

03. A NEW ENTITY WILL...

- 01. PERIODICALLY REVIEW THE VISION FOR PIOPIOTAHU MILFORD SOUND.** The vision should set out the shared outcomes and objectives sought for the area.
- 02. DEVELOP A TEN YEAR 'PIOPIOTAHU AMENITIES AREA AND INVESTMENT PLAN'** and review every three years: identify the priorities planned for Piopiotahi Milford Sound, spatially plan the area, include an investment and implementation plan, and recommend the levy and priorities for environmental investment.
- 03. COORDINATE AND PROCURE THE PHYSICAL WORKS REQUIRED.**
- 04. OWN, OPERATE, AND MAINTAIN** core public-good infrastructure that is not privately owned.
- 05. COLLECT THE IVAC.**
- 06. IMPLEMENT ACCESS CONTROLS.**
- 07. ALLOCATE FUNDING FOR CONSERVATION AND ENVIRONMENTAL INITIATIVES.**

04. LEGISLATIVE CHANGE WILL BE NEEDED

- Creating a new, more responsive, regulatory framework for the area, within the current National Parks Act. This would include:**
 - Creating a new 'Piopiotahi Special Amenities Area' within the National Park.
 - Carving the 'Special Amenities Area' out of the current National Park Management Plan and higher-order planning framework.
 - Creating a new approach to planning for the area, including:
 - A shared vision, including core values and objectives, to be defined in statute, and
 - A new statutory plan process that replaces the relevant sections of the National Park Management Plan, and that can be updated in a more responsive manner.
- Creating the legislative authority to implement and enforce a levy on international visitors, for defined investment:**
 - Implementing the proposed set of investments, and
 - Investing back into wider conservation and environment initiatives within a defined area.
- Enabling private financing**
- Clarifying the approach to concession management within the area**
- Mechanisms to better manage and control access**
- Expectations on involvement of mana whenua in ongoing management and governance**
- Defining the purpose, functions, and powers of the new management entity**

The key features of these changes will include:

F

IMPLEMENTATION PLAN

06. THREE-PHASE IMPLEMENTATION PLAN

PHASES:

KEY:

Assumes levy in place 1 July 2027

ENABLING ACTIVITIES:

CONSERVATION AND NATURAL ENVIRONMENT:

COMMERCIAL ARRANGEMENTS:

PHYSICAL WORKS:

01

Implementation-levy and legislative changes

FY 2025-2027

BENEFITS: Stakeholders will begin to see the foundations of a change and the policy and legislative authority to do so. A new gateway Pouwhenua with significant cultural narrative will signify that change.

- FOCUS:**
- Quick wins for stakeholders.
 - Enabling policy and legislative arrangements put in place.

Policy work to inform drafting, incl. consultation

Legislative phase

Establishment work for management and governance incl. shadow entity

Draft new strategy and investment plan

Continued engagement with stakeholders

Priorities for conservation activities determined

Finalise levy design, mechanisms, and timing

Confirm concessionaires impacted

New concession opportunities specified

Crown loan negotiated and agreed

Early opportunities incl. Pouwhenua and permitted commercial activities

Market sounding underway to inform procurement approach

Preparatory work in corridor

02

Early works, levy introduced, corridor focus

FY 2028-2032

BENEFITS: Improvements begin with a focus on the entrance, corridor and Te Anau delivering improved visitor experience.

- FOCUS:**
- New management and governance arrangements in place.
 - Commercial arrangements confirmed for existing activities, including transport.
 - New arrangements market tested.
 - Works in corridor and Te Anau.

New management and governance arrangement in place

Finalise strategy and investment plan

New funding arrangement in place

New conservation and natural environment activities occur

Rangers in place

New levy arrangement comes into force

Undertake commercial discussions

New concession arrangements in place for existing activities

Tender or procure new concession arrangements for new activities

New parking restrictions apply to existing carparks

New arrangements in place

Define and build continuous improvement practices with particular focus on workforce utilisation

Early works in corridor (Eglington, Mirror Lakes)

Remainder of corridor activity

Knobs Flat and Kiosk Creek

Preparatory work in Piopiotahi

Piopiotahi work activity

Preparatory work in Te Anau for visitor hub

Te Anau works activity

New parking restrictions begin

Aerodrome works occur

Safety works

Deepwater basin improvements

Cleddau Flat Service Area development

03

Delivery of world-class visitor experience

FY 2033-2038

BENEFITS: Visitors are able to access a world-class experience.

- FOCUS:**
- Completion of works in corridor and Piopiotahi Milford Sound.
 - Conservation and natural environment benefits framework put in place, measurement begins.

New management and governance arrangement in place

Strategy refresh begins

Cruise ship restrictions considered