



## COVERSHEET

<b>Minister</b>	Hon Stuart Nash	<b>Portfolio</b>	Economic and Regional Development
<b>Title of Cabinet paper</b>	Supporting the Tourism Sector and Communities to Recover and Reset from COVID-19	<b>Date to be published</b>	8 April 2022

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
April 2021	Supporting the Tourism Sector and Communities to Recover and Reset from COVID-19	Office of the Minister for Economic and Regional Development
7 April 2021	Supporting the Tourism Sector and Communities to Recover and Reset from COVID-19 DEV-21-MIN-0067 Minute	Cabinet Office

### Information redacted

**YES / NO** (please select)

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



# Cabinet Economic Development Committee

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Supporting the Tourism Sector and Communities to Recover and Reset from COVID-19

Portfolio                      Tourism

On 7 April 2021, the Cabinet Economic Development Committee:

- 1        **noted** that on 10 March 2021, the Cabinet Economic Development Committee agreed to the government's direction for tourism, which includes supporting tourism-reliant communities to navigate the impacts of COVID-19 [DEV-21-MIN-0025];
- 2        **agreed** to a two-part tourism recovery package to support:
  - 2.1      the following five communities that have been identified as being under acute pressure due to their reliance on international tourism:
    - 2.1.1    Kaikōura;
    - 2.1.2    Mackenzie;
    - 2.1.3    Queenstown Lakes;
    - 2.1.4    Fiordland;<sup>1</sup>
    - 2.1.5    South Westland;<sup>2</sup>
  - 2.2      the tourism sector to recover and re-set nationally;
- 3        **agreed** to the following package of support for these communities that are under acute pressure because of their high reliance on international tourism:

Initiative Policy settings	Cost (\$m)			Total
	2020/21 to 2022/23	2023/24	2024/25 and outyears	
1. <b>Place-based psychosocial support</b> Wellbeing-trained support advisors, community wellbeing events, mental health training, centralised communication and contingency fund	4.500	-	-	<b>4.500</b>

<sup>1</sup> Fiordland includes Te Anau and Milford Sound, and is part of the Southland district.

<sup>2</sup> South Westland includes Glacier Country, and is part of the Westland district.

2. <b>Business advisory support</b> <sup>3</sup> , which would enable businesses to receive advice on whether to change their business to target a different market, down-scale their tourism business, or exit the market. <i>Funding up to \$5,000 per tourism business in the five communities</i>	10.000	-	-	<b>10.000</b>
3. <b>Grants for businesses to implement advice</b> <sup>4</sup> , which would enable businesses to implement the advice received through the business advisory service. <i>\$5,000 grant per tourism business in the five communities</i>	10.000	-	-	<b>10.000</b>
4. <b>Tourism kick-start fund</b> , <sup>5</sup> to boost existing tourism businesses once international visitors return <i>Business advice on hibernation and two weeks of pre-COVID revenue to tourism businesses in the five communities that engaged in hibernation-related activities, including \$2.5 million for administration</i>	49.000	-	-	<b>49.000</b>
5. <b>Milford Opportunities Project</b> , to fund the next phase of the fundamental redevelopment of Milford Sound and the surrounding region to protect the local environment and increase the sustainability and quality of visitors' experiences. This includes detailed planning, consenting, community consultation and preparation for the necessary infrastructure build.	15.000	-	-	<b>15.000</b>
6. <b>Queenstown Economic Transformation and Resilience fund</b> , to underwrite projects that will develop alternative industries within the Queenstown Lakes District and surrounding areas. Includes \$0.400 million each year for departmental funding.	19.200	0.400	0.400	<b>20.000</b>
<b>Total</b>	107.700	<b>0.400</b>	<b>0.400</b>	<b>108.500</b>

4 **agreed** that decisions on funding from the Queenstown Economic Transformation and Resilience fund initiative be subject to approval by the Minister of Finance, the Minister for Economic and Regional Development, the Minister of Research, Science and Innovation, and the Minister for Trade and Export Growth;

<sup>3</sup> This initiative is demand-driven, so the exact quantum of funding required is estimated.

<sup>4</sup> This initiative is demand-driven, so the exact quantum of funding required is estimated.

<sup>5</sup> As above.

5 agreed to the following package for the tourism sector to recover and re-set nationally:

Initiative Policy settings	Cost (\$m)				
	2020/21	2021/22	2022/23	2023/24	Total
7. <b>Further one-year grants to all RTOs</b> , which would enable regions to increase their ability to lead and coordinate tourism activities in their regions. <i>Figures on the basis of STAPP RTO funding, adjusted to reflect evaluation</i>	-	26.000	-	-	26.000
8. <b>Tourism Industry Transformation Plan</b> (development and initial implementation) to address the findings of the PCE report, Taskforce report, aspects of the Government and Industry Tourism Strategies, and the report of the Climate Change Commission. This will include environmental initiatives, tourism data, industry standards, innovation, and other transformation. <i>Costings lower than the \$15 million required for the Construction Industry Transformation Plan</i>	-	10.000	-	-	10.000
9. <b>Support for Māori Tourism businesses</b> , which will be deployed via New Zealand Māori Tourism (noting Māori tourism attractions are often more reliant on international visitors)	-	7.500	7.500	-	15.000
10. <b>Supplementary funding for the Department of Conservation (DOC)</b> , to ensure conservation activity and maintenance of recreational facilities can be maintained despite the loss of concessions revenue, including extending the waiver of DOC concessions fees for an additional six months	-	10.000	-	-	10.000
11. <b>Inbound Tour Operators</b> , to maintain sector capacity and international market presence by converting up to \$0.5 million per existing ITO loan to a grant, consistent with the approach to other strategic tourism assets. This initiative is fiscally neutral.	22.500	(8.500)	-	-	14.000
12. <b>Tourism Infrastructure Fund</b> , to run a sixth round of the Fund which will be used to fund essential tourism infrastructure nationwide	-	16.500	-	-	16.500
<b>Total</b>	<b>22.500</b>	<b>61.500</b>	<b>7.500</b>	<b>0.000</b>	<b>91.500</b>

6 **noted** that the total cost of the package is \$200 million, as shown below:

	\$ million					
	2020/21	2021/22	2022/23	2023/24	2024/25 and out- years	Total
<b>Community-focussed initiatives</b>	26.400	60.900	20.400	0.400	0.400	108.5
<b>Nation-wide initiatives</b>	22.500	61.500	7.500	0.000	0.000	91.500
<b>Total</b>	<b>48.900</b>	<b>122.400</b>	<b>27.900</b>	<b>0.400</b>	<b>0.400</b>	<b>200.000</b>

7 **noted** that on 11 May 2020, Cabinet agreed to establish tagged operating and capital contingencies of \$50 billion to support a response to and recovery from COVID-19, called the COVID-19 Response and Recovery Fund [CAB-20-MIN-0219];

8 **agreed** that the package referred to in paragraphs 2-5 above be funded from the COVID-19 Response and Recovery Fund;

9 **agreed** to establish the following new multi-year appropriations, to run from 1 April 2021 to 30 June 2023:

Vote	Appropriation Minister	Title	Type	Scope
Business, Science and Innovation	Minister of Tourism	Tourism: Recovery from COVID-19 2021-2023	Non-Departmental Other Expenses	This appropriation is limited to support packages for those communities that are most reliant on international tourism

10 **approved** the following changes to appropriations to provide for a two-part support, recovery and reset package, with a corresponding impact on the operating balance net core Crown debt:

	\$m - increase/(decrease)	
Vote: Business, Science and Innovation Minister of Tourism	2020/21 to 2022/23	2023/24 & Outyears
<b>Non-Departmental Other Expenses:</b> Tourism: Tourism- community recovery from COVID-19 2021-2023 (MYA)	86.000	-

	\$m - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & outyears
<b>Vote: Business, Science and Innovation</b> <b>Minister of Tourism</b>					
<b>Non-departmental Other Expenses:</b> Tourism Infrastructure Fund	-	16.500	-	-	-
<b>Non-Departmental Output Expenses:</b> COVID-19 Tourism Response	-	26.000	-	-	-
<b>Multi-Category Expenses and Capital Expenditure:</b> Policy Advice and Related Services to Ministers MCA					
<b>Departmental Output Expenses:</b> Policy Advice and Related Services to Ministers - Tourism (funded by revenue Crown)	-	1.500	1.000	-	-
<b>Vote: Business, Science and Innovation</b> <b>Minister for Economic and Regional Development</b>					
<b>Non-Departmental Output Expenses:</b> Economic Development: Industry Transformation Plans	-	10.000	-	-	-
Provincial Growth Fund Investment Management	0.400	0.400	0.400	0.400	0.400
Non-Departmental Capital Expense: Tourism Investment Provincial Growth Fund Limited	18.000	-	-	-	-
<b>Vote Māori Development</b> <b>Minister for Māori Development</b>					
Non-Departmental Other Expenses: Community and Māori Governance Organisations (Rōpū Whakahaere, Rōpū Hapori Māori)	-	7.500	7.500	-	-
<b>Vote: Conservation</b> <b>Minister of Conservation</b>					
<b>Departmental Output Expenses:</b> Management of Recreational Opportunities	-	10.000	-	-	-
<b>Total Operating</b>	0.400	71.900	8.900	0.400	0.400
<b>Total Capital</b>	18.000	-	-	-	-

11 **noted** that the proposal to convert Inbound Tourism Operator (ITO) loans to grants (up to \$0.5 million per ITO loan) will have:

- 11.1 an impact of \$12.250 million to OBEGAL, representing the cost of converting the loans to grants;
- 11.2 a future impact on net core Crown debt of \$13.350 million from foregoing repayments of principal (\$12.250 million) and interest (\$1.100 million);

- 12 **agreed** that up to \$0.5 million per ITO loan can be repaid to the Ministry of Business, Innovation and Employment as a payment against the loan principal, and that repayment can then be repurposed and paid back to the ITO as a grant;
- 13 **noted** that no interest will be incurred on these loans before the repayment date;
- 14 **authorised** the Minister of Tourism and the Minister of Finance to jointly agree to increase the Strategic Tourism Asset Protection Programme appropriation by the amount returned from ITOs, to the repurpose to use as a grant payment;
- 15 **approved** the following changes to appropriations to provide for the conversion of ITO loans to grants (up to \$0.5 million per ITO), with a corresponding impact on the operating balance and net core Crown debt:

	Sm - increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
<b>Vote Business, Science and Innovation</b>					
<b>Minister for Economic and Regional Development</b>					
Non-Departmental Capital Expense: Tourism Capital Investment	7.500	(8.500)	-	-	-
<b>Minister of Tourism</b>					
Non-Departmental Other Expense: COVID-19 tourism response	23.500	0.000	-	-	-
<b>Total Operating</b>	<b>23.500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	<b>7.500</b>	<b>(8.500)</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 16 **agreed** that the changes to appropriations above be included in the 2020/21 Supplementary Estimates and that, in the interim, be met from Imprest Supply;
- 17 **agreed** that any under-expenditure for the components within this package of initiatives be carried forward at the end of the financial year to the following financial year, in the same appropriation to recognise the uncertain timing of changes to the global and domestic tourism context, and subsequent project initiation and expenditure;
- 18 **agreed** to early confirmation of the full amount of the available expense or capital transfer to avoid risk of unappropriated expenditure prior to the October Baseline Update;
- 19 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to action the policy agreed above.

Gerrard Carter  
Committee Secretary

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**Secretary's note:** Subsequent to the meeting, the office of the Minister of Tourism provided revised recommendations to correct technical errors to appropriations carried over from the original paper (paragraphs 11.2, 14, and 15), and to correct the process set out at paragraph 17 (additional paragraphs 18 and 19).

**Present: (see over)**

**Present:**

Hon Grant Robertson (Chair)  
Hon Dr Megan Woods (Deputy Chair)  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Poto Williams  
Hon Damien O'Connor  
Hon Stuart Nash  
Hon Kris Faafoi  
Hon Willie Jackson  
Hon Michael Wood  
Hon Dr David Clark  
Hon Phil Twyford  
Rino Tirikatene, MP  
Deborah Russell, MP

**Officials present from:**

Office of the Prime Minister  
Office of the Chair  
Officials Committee for DEV