

Read	
------	--

Departmental Briefing



In Confidence

GS ref: 22-B-0429
DOCCM: 7055237

To: Minister of Conservation **Date:** 23 June 2022

Subject: Milford Opportunities Project Update

Actions sought:

- Resolve with the Ministerial Group the proposed appointments to the Milford Opportunities Project (MOP) Board
- Sign the attached letter
- Agree to meet with the MOP Board Chair

Time Frame: 7 July 2022

Risk Assessment:	The MOP has been assessed as having a high-risk profile by Treasury	Department's Priority:	High
		Level of Risk:	Low

Contacts

Name and position	Cellphone	First contact	Principal author
Bruce Parkes, Deputy-Director General Policy and Visitors	██████████		
Tania Short, Acting Manager Regional Visitor Planning	██████████	✓	
Rachael McMillan, Senior Regional Visitor Planner	██████████		✓

9(2)(a)
privacy

Executive summary – Whakarāpopoto ā kaiwhakahaere

1. Milford Sound Piopiotahi is a national taonga and arguably New Zealand’s most recognised destination globally. It is of great significance to mana whenua and our national identity. However, visitor pressures (pre-covid) are threatening its sustainability.
2. Working collaboratively with Ngāi Tahu, Crown agencies, industry and local communities, the Milford Opportunities Project (MOP) was established in 2017 to plan for the long-term future of Milford Sound Piopiotahi and its surrounding areas.
3. In June 2021, the MOP delivered a visionary Masterplan to Cabinet aimed at protecting the taonga, while creating a world-class visitor experience that would benefit Milford Sound Piopiotahi, surrounding areas and support conservation.
4. The MOP’s independent, collaborative approach illustrates how strategic long-term thinking could better provide integrated future management and presents an opportunity for the government to harness ground-breaking innovative solutions.
5. Cabinet approved \$15m to facilitate this next phase (Stage Three) of stringent feasibility testing of the recommendations in the Masterplan and agreed that a Ministerial Group, comprising the Ministers of Tourism, Conservation, and Transport, would be decision maker on Stage Three of the MOP.
6. The Terms of Reference for the Milford Opportunities Ministerial Group specify that you, as Minister of Conservation, are its Convenor and Chair. The Associate Minister of Transport, Hon Kieran McAnulty now represents the Minister of Transport on this Group, through a delegation from Minister Wood.
7. Successive governments have supported the MOP to date, with \$18M committed since 2016, including the \$15M allocated to the current phase of feasibility testing.
8. The projects initiation has been delayed but it is now underway, and with a unit director in place, work on the next stage has begun.
9. Achieving the transformational change necessary to the project’s success is only possible with collaboration across central and local government and the community. The Ministerial Group has a crucial role in achieving that unity.

We recommend that you ... (Ngā tohutohu)

	Decision
a) <u>Note</u> the background information on the Milford Opportunities Project	
b) <u>Note</u> you are meeting with your Milford Opportunities Project Ministerial Group on Wednesday 29 June. A separate meeting memo and talking points will be provided to support this meeting	
c) <u>Note</u> officials are available to meet before your Ministerial meeting if required	
d) <u>Discuss and resolve</u> with your Ministerial Group colleagues the proposed appointment of a representative of Environment Southland and Southland District Council to the MOP Board and decide their voting status	Yes / No

e)	<u>Agree</u> to meet with the Ministerial Group and the Chair of the MOP Board to test the direction of travel of the project prior to the first Board meeting on 4 July	Yes / No
f)	<u>Sign</u> the attached letter of remuneration for the Chair of the MOP Board	Yes / No

Date: / /

Tim Bamford
Acting Director, Heritage and Visitors
 For Director-General of Conservation

Date: / /

Hon Poto Williams
Minister of Conservation

Proactively released

Purpose – Te aronga

1. To provide you with key information on the Milford Opportunities Project, including its background, purpose, and objectives, your role as Chair of the Ministerial Group, and the critical next steps.

Background and context – Te horopaki

The MOP is a collaborative independent project, that could transform the way the Government thinks and responds to tourism areas under pressure

2. The MOP was formed in 2017 in response to concerns about the rapidly growing visitor numbers and ongoing pressures on Milford Sound Piopiotahi and the surrounding area. A new approach to tourism is needed in this iconic area, as the pre-COVID visitor situation is not sustainable long-term for cultural, ecological or recreational reasons¹.
3. Working alongside Ngāi Tahu, Crown agencies, industry and local communities, the MOP delivered a visionary Masterplan for Milford Sound Piopiotahi to Cabinet in June 2021 (see Attachment Two for the Cabinet Paper).
4. The Masterplan is based on a foundation of protection and regenerative tourism. Many of the recommendations of the Masterplan are of national interest due to the potential precedent setting nature for visitor management in protected and surrounding areas.
5. The Masterplan includes a suite of recommendations that proposes transformative change to Milford Sound Piopiotahi, the Milford Road corridor and Milford Area and sets out intentions for its future direction and ongoing management.
6. The key recommendations from the Masterplan are:
 - Restricting private vehicle access to Milford Sound Piopiotahi through a permit and public transport system
 - Charging international visitors for access to Milford Sound Piopiotahi based on the value of the place, creating a self funded sustainable system
 - Prohibiting cruise ships from entering Milford Sound Piopiotahi
 - Closing the aerodrome (fixed-wing runway) at Milford Sound Piopiotahi and replacing it with an expanded heliport to allow for significant reorganisation of the infrastructure and visitor flow at Milford Sound Piopiotahi
 - Redesigning the facilities and attractions on the Milford Road to encourage longer and slower visitor experiences. The primary transport would be regular hop on/hop off bus services
 - Making Te Anau the primary transport hub for the journey to Milford Sound Piopiotahi
 - Introducing a new governance and management structure for Milford Sound Piopiotahi village and surface waters of the Sound to the Tasman Sea and the Milford Road corridor to improve efficiency and function, potentially with special legislation to enable change
 - Using the revenue collected from visitors to increase the funding for conservation, mana whenua and community aspirations, transport, and the visitor experience
 - Building a world class cable car to reach a higher elevation, combined with walks up Bowen Valley and a lookout over Bowen Falls.

¹ See the Cabinet Paper in Attachment One for the masterplan initiation

7. Identifying appropriate legal/policy mechanisms for implementation of the projects identified in the Masterplan is a core element of the work programme for this stage of the MOP.
8. The Masterplan's recommendations are underpinned by the following core principles:
 - protect the essential character of the place
 - intertwine iwi culture and history
 - spread visitation over the whole day to reduce pressures
 - slow the journey down so the journey is appreciated more
 - provide multiple experiences
 - modernise infrastructure and improve infrastructure resilience and protect the environmental and ecological values of the place
 - remove congestion and visitor conflict points
 - control international visitor numbers through permits and transport mode
 - reduce visitor exposure and risk to natural hazards
 - adopt zero carbon technology
 - create a better funding model and a focused governance arrangement
 - visitors benefit communities and conservation.
9. This next phase of the MOP (Stage three) will test the feasibility of the recommendations. Much of this work will be focused on commercial viability, funding models and legislative pathways.

The MOP has been set up as an independent project

10. This third stage of the MOP has been designed to operate with a high degree of operational independence while retaining Ministerial oversight.
11. Cabinet agreed²:
 - to a dedicated MOP Unit being set up to undertake Stage three. It will be hosted by DOC for administrative effectiveness and as the agency with the greatest mandated responsibility.
 - a Ministerial Group, comprising the Ministers of Tourism, Conservation and Transport, would be decision maker on Stage Three, including the MOP Board representation, the organising model and project deliverables.
 - the provision of \$15M over two years.
12. As Minister of Conservation, you are Chair of the Ministerial Group. You manage the Group's relationship with the MOP Board and have the responsibility to achieve consensus amongst the responsible Ministers where required. The Associate Minister of Transport, Hon Kieran McNulty, now represents the Minister of Transport on this Group, through a delegation from Minister Wood.
13. The Ministerial Group is to meet for the first time since you became Minister of Conservation on June 14. Now that the MOP unit is getting established, there is an opportunity for the Ministerial Group to meet more regularly to provide direction and governance to the MOP unit and Board. The meeting on Wednesday 29 June is an opportunity to discuss and resolve some of the issues outlined in this briefing and create

² See the Cabinet paper at Attachment Two

the basis for ongoing collaboration as the project advances (note, a meeting memo will be provided, 22-B-0450 refs).

14. DOC has a significant role in the MOP, including:
 - hosting the Board and Unit,
 - providing analysis and advice reflecting our statutory responsibilities
 - in conjunction with MBIE and MOT, supporting the Ministerial Group with advice on the project's alignment with the Masterplan and other government policies.

Establishment of the Board and commencement of the MOP work programme

15. The project has suffered from delays in its initiation, this may be a topic raised at the Ministerial Group meeting given it is twelve months since the funding was approved. Delays have been the result of:
 - the extended recruitment process required to secure a suitably experienced MOP Programme Director,
 - key decisions from the Ministerial group on the organising structure for MOP, and
 - the time needed to resolve the issue of remuneration for the Chair of the Board (see paragraphs 21-23 in Attachment Two).
16. There are several matters still requiring finalisation for the establishment of the Board and project, including the Terms of Reference (TOR) for the Board and the announcement of the Board and Director. Best practice dictates that the Board cannot be announced until the TOR's have been agreed and finalised.
17. DOC is working with the other responsible agencies to finalise the Board TOR, which will be key to creating a shared set of expectations and building accountabilities for Board members, as well as explaining some of the supporting roles for the MOP. We expect to provide the Ministerial Group with the TOR for approval and review by 14 July.
18. The Programme Director and Chair have now both been confirmed in their roles. The independent board members and the two members representing Ngāi Tahu have also been appointed and accepted their positions on the Board. The appointment of the Chair was announced in July 2021. It remains open for you to announce the appointment of the Unit Director and the commencement of this stage of the project proper.
19. The Ministerial Group previously agreed that senior officials of MBIE, DOC and the MOT be non-voting members of the Board in advisory roles. It has also been proposed that representatives of Southland District Council and Environment Southland be appointed to the Board, however the Ministerial Group has not yet come to a consensus on their appointment and whether they would have voting rights.
20. The Ministerial Group meeting on Wednesday 29 June is an opportunity to discuss and achieve consensus on these proposed appointments and any other issues relating to the membership of the Board.

Confirmation of remuneration for the Chair of the Board

21. We have received an Official Information Act request for two briefings relating to the establishment of Stage Three of the MOP and the Board, which is a follow up to earlier requests on the MOP.
22. Those briefings contain material relating to the Chair's remuneration, including your predecessors request to the Minister for the Public Service for his support of an exception to the Fees framework.

s9(2)(g)(i)

24. The attached letter to Dr Turner confirms his remuneration to be [REDACTED] per day. He is also entitled to claim for actual and reasonable travelling and other expenses incurred in carrying out his duties. 9(2)(a) privacy
25. If you agree to sign the attached letter (Appendix One), circulating it to the others within the Ministerial group for their signature and its issuing, will confirm the details of Dr Turner's appointment for this role.

Risk assessment – Aronga tūraru

Engagement risk

26. [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
29. To mitigate this risk the MOP Director and DOC will:
- Develop an engagement and communications strategy that ensures stakeholders are well informed and have the opportunity to input into the process
 - Develop good relationships and apply audience appropriate communications
 - Ensure regular communication across stakeholder groups with messaging that is consistent and enduring.

9(2)(g)(i)
free & frank

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

30. The role of Ngāi Tahu has been purposefully intertwined as central to how the project will operate. The organising model for Stage Three acknowledges the strong partnership with Ngāi Tahu and consistency with iwi aspirations that informed the Masterplan's development. The organising model was designed in conjunction with Ngāi Tahu mana whenua group with input from the eight papatipu rūnanga.
31. Application of Treaty principles in the MOP context will require a deep understanding and careful analysis to ensure that Ngāi Tahu's expectations can be consistently addressed with the Crown's Treaty position, particularly in relation to concession management and aspirations.

Consultation – Kōrero whakawhiti

32. This briefing has been reviewed by the Ministry of Transport and the Ministry of Business, Innovation and Employment. The content of the briefing was developed in conjunction with partners and stakeholders.

Financial implications – Te hiraunga pūtea

33. Approximately \$2.4M of the Cabinet allocated \$15M is currently allocated for DOC's indirect corporate costs related to hosting the MOP unit and DOC staff to support the project.

34. The hosting arrangement is being finalised with the MOP Board Chair. Included in the agreement is a clause that allows the renegotiation of costs between the parties should they change.

Legislative implications – Te hiraunga a ture

35. A key recommendation in the Masterplan is to reform/restructure the management and governance of Milford Sound Piopiotahi.
36. This requires the scoping of a potential management, governance and delivery structure, the powers that any new body may have, identification of potential implications on the concessions system and the functions of the various statutory entities with responsibilities for the area.
37. To be implemented, some of the MOP Masterplan recommendations will likely require bespoke legislation that contains precedent-setting changes to how Government approaches public access, charging for services, concessions management, and governance and management models.
38. Inherent in the Masterplan recommendations is potential reform of the concessions system for Milford Sound Piopiotahi, [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]. The Masterplan recommendations also have implications for existing long-term concession holders who have significant investment in infrastructure in the next 5-10 years.
39. Lessons from the MOP may also, in parallel, inform the conservation law reform programme of work and reviews of stewardship land.
40. The MOP will provide advice to the Ministerial Group on these issues as a key deliverable.

9(2)(g)(i)
free & frank

Next steps – Ngā tāwhaitanga

41. You assume your role as Minister of Conservation at a key stage of the project, with many moving parts.
42. You will meet with your colleagues of the Ministerial group on 29 June to discuss the project (note, a meeting memo will be provided 22-M-0117 refs). This is an opportunity to understand your colleagues' view on the MOP, any key aspects for the MOP to consider in the feasibility stage, and how the Ministerial Group wants to operate moving forward.
43. We recommend that soon after the 29 June meeting, the Ministerial Group is to meet with the MOP Chair. DOC will work with your office to provide that information to support that meeting. The date of this meeting is yet to be confirmed.
44. If you sign the letter of remuneration for the Chair, your office will circulate it to the other members of the Ministerial Group for consideration and signing.
45. The MOP Unit will report back to Cabinet in February 2023, on progress of the Feasibility phase. The February Cabinet paper will also include recommendations for the approach to legislative mechanisms that could enable progressing the MOP Stage Three work if Government decides to proceed with implementation after the Feasibility phase.

Attachments – Ngā tāpiritanga

- Attachment One – **Publicly released information**
- Attachment Two – **Publicly released information**
- Attachment Three – Letter of remuneration to the Chair of the MOP

ENDS

Proactively released