



BRIEFING

Regional Events Fund Update

Date:	14 August 2020	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2021-0491

Action sought		
	Action sought	Deadline
Hon Kelvin Davis Minister of Tourism	Note the work MBIE has undertaken on developing its approach to assessing Regional Events Fund Investment Plans and how funding will be allocated.	19 August 2020
Hon Grant Robertson Minister of Finance		
Hon Nanaia Mahuta Minister for Māori Development		
Hon Eugenie Sage Minister of Conservation		
Fletcher Tabuteau MP Parliamentary Under-Secretary to the Minister for Regional Economic Development		

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Danielle McKenzie	Acting Policy Manager, Tourism Policy	s 9(2)(a)	✓
s 9(2)(a)	Senior Policy Advisor, Tourism Policy		-

The following departments/agencies have been consulted

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



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Purpose

This paper provides you with an update on the additional design and implementation of the Regional Events Fund.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** that the Regional Events Fund (REF) has been positively received by representatives from the regional tourism and events sector
Noted
- b **Note** that \$47.75m of the REF will be proportionally allocated to International Marketing Alliances (IMAs) based on their pre-COVID-19 share of the international visitor market, \$2m of the REF will go towards supporting TRENZ 2021, and \$0.25m of the REF will go towards administrative costs for managing and monitoring the Fund's performance
Noted
- c **Note** that IMAs can develop an Investment Plan with a lifetime of two to four years to ensure flexibility in funding in the face of any further regional lockdowns, manage event viability and feasibility within their region, and to make Investment Plan decisions that best meet the needs of their region
Noted
- d **Note** that MBIE's agreement for IMA REF Investment Plans will account for:
 - a. consensus decision making by the IMA panel
 - b. RTO representation
 - c. the feasibility and viability of events in the Investment Plan
 - d. whether IMAs would use funding to shift existing events from other IMA regions
 - e. whether the Investment Plan will drive inter-regional domestic visitation.*Noted*



Danielle McKenzie
Acting Manager, Tourism Policy
Labour, Science and Enterprise, MBIE

14 / 08 / 2020

Hon Kelvin Davis
Minister of Tourism

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Hon Eugenie Sage
Minister of Conservation

..... / /

Hon Grant Robertson
Minister of Finance

..... / /

Fletcher Tabuteau MP
**Parliamentary Under-Secretary to the
Minister for Regional Economic Development**

..... / /

Hon Nanaia Mahuta
Minister for Māori Development

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Background

1. On 24 July 2020, the Tourism Recovery Ministers Group met and discussed a proposal for a Regional Events Fund (REF) (MBIE 2021-0285 refers). Ministers agreed to the \$50m fund to stimulate domestic tourism through events.
2. As part of the discussion Ministers asked whether creating a new fund was the best approach, compared with putting the money into the Domestic Events Fund (DEF), which was created in Budget 2020. Another issue raised was whether providing the funding to Regional Tourism Organisations (RTOs) would lead to a focus on marketing, rather than on event creation – Ministers were clear that they would want the funding to lead to more events, rather than on more marketing of existing events.
3. On 27 July 2020 Ministers received a further briefing (MBIE 2021-0356 refers) which clarified how the scope and purpose of the DEF and REF were markedly different. Ministers agreed that:
 - a. funding would be distributed to International Marketing Alliances (IMAs) based on the share of international visitor spend they had prior to the COVID-19 pandemic
 - b. MBIE would invite each IMA to establish a panel of people who represent the events and tourism sector to develop a plan to use the funding for events
 - c. MBIE would approve the Plans on the basis that all members of the IMA panel agree with the Plan.
4. On 30 July 2020 the Tourism Recovery Ministers Group agreed that \$2m of the REF would be allocated to support TRENZ in 2021, and that TRENZ would need to transition to a more future focused, digital platform in out-years. It asked Tourism New Zealand to lead the transition work, in partnership with Tourism Industry Aotearoa.

Early feedback from sector representatives

5. Initial feedback from the sector indicates broad support for the scope and purpose of the fund. However, there have been some questions from the sector in terms of how funding will be allocated and whether this could lead to competition between regions, the period of time covered by the Investment Plan, the types of events that could be funded and the ability of regions to host events. The information in this briefing addresses those questions.

Additional design considerations

The Investment Plan will be for a period of two to four years

6. Regional stakeholders indicated that in the next 6 to 12 months, the nature and type of events that could be funded may be limited and/or disrupted. This is due to the ongoing uncertainty presented by COVID-19, which can disrupt events, as well as border restrictions, which impacts on the range and number of events that can be hosted across the country. This should minimise the risk of event fatigue or regions competing for the same events.
7. IMAs will be able to develop Investment Plans that covers a period of two to four years. This provides certainty of funding for the tourism and events sector, while providing them with flexibility around how, when and what events are funded. We expect there to be some variability across IMAs on the length of their Investment Plans – for example, smaller IMAs may choose to spread funding over a longer period of time and for fewer events, and larger IMAs may choose shorter periods of time to provide greater certainty to their local tourism and events stakeholders.

Investment Plan criteria

8. Ministers previously directed officials to ensure that the design of the fund must quickly provide certainty to the tourism and events sector, be 'light touch', discourage competition within an IMA region, be agnostic of types of events that are funded and focus on hosting events rather than marketing. Based on this direction, MBIE's criteria for assessing Investment Plans will be:
 - a. **Consensus** – all representatives on an IMA panel must agree with the proposed Investment Plan. This ensures that all regional tourism organisations (RTOs) and regions will benefit from events funding.
 - b. **Representation** – all RTOs within an IMA must be offered the opportunity to engage with, or participate on, an IMA panel. This is essential to ensuring all regions benefit from the REF.
 - c. **Feasibility and Viability** – IMAs must have the appropriate facilities to host the proposed events, including infrastructure (accommodation, waste management and access)
 - d. **Stimulate domestic visitation** – IMAs must demonstrate how events, or the event package, will draw visitors from outside their region (but can be between RTO regions)
 - e. **Collaborate, not compete** – IMAs must demonstrate how the funding will not be used to bring existing significant events from other regions/IMAs to their own.

IMA Investment Panels are responsible for assessing what events should be included

9. We are not placing any conditions on IMAs on the type of events that it could fund through an Investment Plan. This is because the events needs of each region will differ. For example, some regions may have a stronger ability to host business or sporting events, whereas others may have a focus on hosting cultural events. This will also mean that regions, who are best placed to understand the feasibility and viability of each region's ability to host events, are responsible for assessing when and what events would be funded.
10. As decisions are to be made by consensus, we expect this to also mitigate risks around events being centralised within one region in an IMA.

Funding allocated to each IMA

11. The maximum funding that each IMA would receive is set out in Annex One. The amount assigned to each IMA is based on the proportion of International Visitor Spend they received prior to COVID-19. Officials have used this formula as the primary purpose of the fund is to stimulate the domestic market to fill the space that would have otherwise been taken by the international visitor market. For this reason, those regions most impacted by the downturn in international visitation, particularly Auckland, Christchurch and Queenstown, will receive more funding than others.

MBIE's role

12. MBIE's role will be focused on ensuring IMA Investment Plans meet the set criteria, developing funding agreements for IMA Investment plans, and monitoring and reporting on how funding is spent and its impact.

Next steps

13. As with the DEF, MBIE will work with Regional Tourism New Zealand (RTNZ) to get the lead agency within an IMA grouping to establish a panel which will be responsible for developing an Investment Plan for the IMA. We would expect panels to be stood up by the end of September 2020.
14. We envisage that all Investment Plans would be developed and assessed by the end of 2020, with the slightly longer timeframe being necessary to ensure regions and IMA panels have sufficient time to determine and assess the appropriate mix and nature of the events in the Investment Plan. We do not expect this longer timeframe to materially impact New Zealand's events sector as the purpose of the REF is to stimulate demand, rather than save existing significant events which would otherwise be cancelled due to COVID-19 (which is the purpose of the DEF).
15. We will work separately with other government and industry bodies regarding funding for TRENZ 2021.

Annexes

Annex One: Funding for IMAs

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Annex One: Funding for IMAs

Funding has been allocated based on International Visitor Spend prior to the COVID-19 pandemic.

IMA	\$m	RTOs covered
Northland & Auckland	\$19.00	Auckland Tourism, Events and Economic Development, Northland
Thermal Explorer Highway	\$3.75	Waikato, Rotorua, Lake Taupō, Ruapehu
Pacific Coast Highway	\$2.00	Coromandel, Bay of Plenty, Hawkes Bay, Gisborne
Western North Island	\$1.00	Whanganui, Taranaki, Manawatu
Wellington & Wairarapa	\$3.50	Wellington, Wairarapa
Nelson & Marlborough	\$1.50	Nelson, Marlborough
Canterbury & West Coast	\$7.00	Christchurch, Aoraki, Mackenzie, Hurunui, West Coast, Kaikōura
Southern Lakes	\$8.50	Wanaka, Queenstown, Central Otago, Fiordland
Pure Southern Land	\$1.50	Dunedin, Southland, Waitaki, Clutha
Total IMA	\$47.75	
TRENZ	\$2.00	
Fund Management	\$0.25	
Total Fund	\$50.00	