



BRIEFING

Strategic Tourism Assets Protection Programme – timing for payment of grants

Date:	4 August 2020	Priority:	High
Security classification:	In Confidence	Tracking number:	2021-0454

Action sought		
	Action sought	Deadline
Hon Kelvin Davis Minister of Tourism	Note the contents of this briefing	6 August 2020
Hon Grant Robertson Minister of Finance		
Hon Nanaia Mahuta Minister for Māori Development		
Hon Eugenie Sage Minister of Conservation		
Fletcher Tabuteau Under Secretary Regional Economic Development		

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Danielle McKenzie	Acting Manager, Tourism Policy	04 896 5113	Privacy of natural persons	✓
Privacy of natural persons	Advisor, Tourism Policy	Privacy of natural persons		

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 Withdrawn |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 briefing provides an update to Tourism Recovery Ministers (TRM) on the structure of the first tranche of grants to successful Strategic Tourism Assets Protection Programme (STAPP) applicants.

Recommended action

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

- a **Note** that grant payments will be made in three payments over 12 months or five payments over 24 months

Noted

- b **Note** that this timing intends to minimise duplication of government funding, particularly from the Extended Wage Subsidy scheme

Noted

- c **Note** that because of the likelihood of STAPP applicants receiving other government funding, a reconciliation will be required in the final payment period

Noted

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

4.8.20
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Hon Kelvin Davis
Minister of Tourism

..... / /

Hon Eugenie Sage
Minister of Conservation

..... / /

Hon Grant Robertson
Minister of Finance

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Fletcher Tabuteau
**Under Secretary, Regional Economic
Development**

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Hon Nanaia Mahuta
Minister for Māori Development

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Background

1. At the TRM meeting on Friday 24 July 2020, Tourism Recovery Ministers (TRM) agreed successful STAPP applicants and other COVID-19 tourism recovery initiatives through the Tourism Recovery Fund.
2. At that meeting, TRM agreed that successful applicants would receive grant funding of up to \$500,000 over two years. All remaining funding requested would be made available via a loan scheme. Grants would not be dependent on confirmation of the loan.
3. On Saturday 1 August 2020, these STAPP funding decisions were announced by Hon Kelvin Davis in Rotorua.

Structure of grants

4. Grants from the STAPP will be made in three payments over 12 months or five payments over 24 months.
5. This approach strikes a balance between providing funding quickly and ensuring that issues or risks are assessed before any further funding is provided.
6. As the grants to tourism businesses are capped at \$500,000, we believe that there is a lower risk to the Crown than if grants were uncapped. By paying out grants in tranches, we can mitigate the risk of ineffective or poor utilisation of the grants and anticipate potential issues such as ongoing business viability.
7. This lowered risk makes it viable to provide successful STAPP applicants funding quickly.

Reconciliations

8. As part of their STAPP application, applicants had to declare that they were not eligible for any other sector-specific COVID-19 recovery packages (such as the transport and aviation support packages).
9. Since applicants made that declaration, further support for tourism-adjacent sectors has been announced by the Government, such as:
 - The Extended Wage Subsidy scheme (open until September 2020)
 - TRM waived Department of Conservation (DOC) concession fees for tourism businesses after STAPP applications closed
 - The Wildlife Institutions Relief Fund, which opened after STAPP applications closed
10. Because of this, businesses will have to undergo a reconciliation process to adjust their funding relative to how much other government assistance that they have accessed.
11. Some businesses will be unable to accurately predict the amount of government support that they will use. For example, some DOC concession fees are based on the number of people accessing the DOC estate, and cannot be accurately predicted until customer numbers are known.
12. We propose that reconciliation will occur during the final STAPP grant payment, and any outstanding reconciliation deducted from this.
13. The process for reconciliation will be established within the contract that successful STAPP applicants sign.

Next steps

14. Officials will continue to work on operationalising the STAPP to get the first tranche of grant payments complete.