



## COVERSHEET

<b>Minister</b>	Hon Stuart Nash	<b>Portfolio</b>	Economic and Regional Development
<b>Title of Cabinet paper</b>	Approval for the COVID-19 Events Transition Support Payment Scheme	<b>Date to be published</b>	On 20 December 2021

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
November 2021	Approval for the COVID-19 Events Transition Support Payment Scheme	Office of the Minister of Economic and Regional Development
8 November 2021	CAB-21-MIN-0461	Cabinet Office

**Information redacted**

**NO**

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# Cabinet

## Minute of Decision

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### Approval for the COVID-19 Events Transition Support Payment Scheme

**Portfolio** Economic and Regional Development

On 8 November 2021, Cabinet:

#### COVID-19 Events Transition Support Payment Scheme

- 1 **noted** that due to uncertainty about the impact of Alert Levels and the new COVID-19 Protection Framework (CPF) settings on whether events can be held over summer, many organisers of events, including large-scale summer festivals, have signalled they will need to cancel without any assurance from the government;
- 2 **noted** that event organisers are having to make decisions now about the viability of delivering summer events;
- 3 **noted** that summer events, including festivals, are crucial for the economic and social well-being of the regions and are also a tool for encouraging more New Zealanders to get vaccinated;
- 4 **agreed** that government support is needed to provide confidence to the event sector to continue to plan and deliver events over the summer period;
- 5 **agreed** to establish the COVID-19 Events Transition Support Payment (ETSP) scheme;
- 6 **agreed** that the objective of the ETSP is to provide confidence for the events sector to continue to plan and deliver events over the summer period;
- 7 **agreed** that a ETSP will be triggered only if events are explicitly prohibited from being held due to public health restrictions on the date/s of the event;
- 8 **noted** that if the current public health settings remain in place on 17 December 2021, the threshold for ETSP eligibility would immediately be triggered;

#### Eligibility for the ETSP

- 9 **agreed** that there will be no discretion in determining eligibility for the ETSP, and that the set of criteria will be a definitive determination of eligibility;

- 10 **agreed** that the triggers for an ETSP are when an event must be cancelled or postponed due to one of the following:
- 10.1 the event is located in an area that is operating under Alert Level restrictions, which explicitly prohibit the event from occurring (Alert Level 2 or higher on the date/s of the event); or
  - 10.2 the event is located in an area that is operating under the CPF and is at CPF RED level or a localised lockdown on the date/s of the event; or
  - 10.3 at least 50 percent of tickets/paid registrations have been sold to attendees located within an Alert Level 3 or higher boundary or within a CPF RED level or localised lockdown area on the date/s of the event (assuming regional boundary restrictions are in effect);
- 11 **agreed** that the following criteria apply to ensure the ETSP is targeted at events that are regionally significant and is distributed in an equitable way:
- 11.1 event date must be scheduled to begin between 17 December 2021 and 3 April 2022;
  - 11.2 event must have been actively in the market, where tickets or registrations are for sale, or have been advertised, prior to the announcement of this scheme;
  - 11.3 event must be public facing, ie open to the public and in New Zealand;
  - 11.4 event must be organised by a New Zealand registered organisation (eg: an entity registered with the Companies Office or a charitable organisation);
  - 11.5 event must not be solely delivered by local government and other public authorities (but can be partly funded by those authorities, although costs incurred by local government would not be eligible for recovery);
  - 11.6 event must not be currently receiving funding through the Major Events Fund or receive similar funding for future event resilience from the Ministry for Culture and Heritage for the same period, nor have an agreement in place with underwriting of eighty percent or more of unrecoverable costs from local government or another insurer;
  - 11.7 event must require the use of COVID-19 vaccination certificates;
  - 11.8 event organisers can only apply once for cancellation and once for postponement for an event;
- 12 **agreed** that an additional eligibility criterion is that the event must have expected in-person ticketed or paid registered attendees of over 5,000 in-person attendees (approximately 200 – 250 events);
- 13 **agreed** that the ETSP will be time-limited and seek to cover events over the summer period, beginning from 17 December 2021 to on or before 3 April 2022;

### Parameters of the ETSP

- 14 **agreed** to the following parameters of the ETSP:
- 14.1 eligible event organisers will submit one application per event on behalf of all suppliers to the event;

- 14.2 grants to be paid as lump sum post cancellation/postponement and on confirmation of eligibility;
- 14.3 event organisers must apply and demonstrate the value of eligible unrecoverable sunk costs (eg venue costs, artist fees). Where a claim is made for postponement of an event, only costs associated with postponement will be eligible for coverage;
- 14.4 only eligible unrecoverable costs will be covered (ie costs that are directly associated with the event and unable to transfer to a postponement event date), lost profits are not eligible to be recovered);
- 14.5 eligible unrecoverable costs can include costs incurred prior to announcement of the scheme, to ensure equity for events held across the summer period and not favour events to be held later in the summer that will carry a wider cost window;
- 15 **agreed** that, in addition to the parameters in paragraph 14 above, the ETSP would provide coverage for 90 percent of eligible unrecoverable costs;
- 16 **noted** that there are potential risks of overlap of government support between the ETSP, the Wage Subsidy Scheme (WSS) and the Resurgence Support Payment (RSP);
- 17 **authorised** the Minister of Finance, Minister of Revenue, Minister for Social Development and Employment, Minister for Economic and Regional Development and the Minister for Small Business to jointly make amendments to the ETSP, RSP and WSS, to avoid any overlap of support being provided;
- 18 **agreed** that the “primary applicant” (event organiser) for the ETSP will be responsible for demonstrating the eligible unrecoverable costs, and that this will need to be signed off by all “related parties” (suppliers) before an application is submitted to ensure that it accurately reflects the costs that are incurred;
- 19 **noted** that firms in receipt of the ETSP will not be subject to income tax or be able to claim deductions for expenditure funded by the ETSP, and that GST-registered firms will pay GST on the ETSP, and in turn, be able to claim input tax deductions for the relevant expenditure;

## Implementation

- 20 **noted** that the Ministry of Business, Innovation and Employment (MBIE) will utilise its existing All-of-Government service agreement with the preferred provider to contract application and claims assessment services as required, to fulfil the needs of the ETSP;
- 21 **noted** that the preferred provider is expected to be ready to receive applications from 8 November 2021;

## Legislative recommendations

- 22 **noted** that the ETSP may constitute an indemnity;
- 23 **noted** that the Minister of Finance, as the Minister responsible for the administration of the Public Finance Act 1989, is the Minister with the statutory power under section 65ZD of that Act to grant guarantees and indemnities if he determines it to be necessary or expedient in the public interest to do so;
- 24 **noted** that, to the extent the implementation of the ETSP constitutes an indemnity, the ETSP will be subject to the Minister of Finance making a decision under section 65ZD of that Act as to whether to grant that indemnity;

**Financial recommendations**

- 25 **noted** that, by agreeing to the proposals in paragraphs 9 – 13 above, all event organisers that meet the eligibility criteria will receive payment from the ETSP scheme;
- 26 **agreed** to establish an appropriation with \$200 million funding for the ETSP, and that it be topped up as needed depending on public health restrictions and therefore demand for the ETSP;
- 27 **agreed** to provide \$2 million for MBIE and the preferred provider to operationalise and administer the ETSP;
- 28 **agreed** to establish the following appropriation in Vote Business, Science and Innovation:

Title	Responsible Minister	Type	Scope
COVID-19 Events Transition Support Payment	Minister of Economic and Regional Development	Non-departmental Other Expense	This appropriation is limited to providing payment to eligible firms to support meeting unrecoverable costs for events that are prohibited from happening due to changes in public health restrictions.

- 29 **agreed** to establish the following appropriation in Vote Business, Science and Innovation:

Title	Responsible Minister	Type	Scope
Economic and Regional Development: Economic and Regional Development Fund, Scheme and Grant Management	Minister of Economic and Regional Development	Departmental Output Expense	This appropriation is limited to managing funds, schemes and grants associated with the Economic and Regional Development portfolio.

- 30 **approved** the following changes to appropriations to give effect to paragraphs 5 and 27 above, with the corresponding impact on the operating balance:

Vote Business Science and Innovation Minister of Economic and Regional Development	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expense: COVID-19 Events Transition Support Payment	200.000	-	-	-	-
Departmental Output Expense: Economic and Regional Development: Economic and Regional Development Fund, Scheme and Grant Management	2.000	-	-	-	-

- 31 **agreed** that the expenses incurred under paragraph 30 above be charged against the COVID-19 Response and Recovery Fund (CRRF), established as part of Budget 2020;
- 32 **agreed** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 33 **authorised** the Minister of Finance and the Minister for Economic and Regional Development to jointly take decisions relating to the further design details and operational matters, including increasing appropriations, as required to progress the implementation of the ETSP, in alignment with the parameters agreed above;
- 34 **agreed** that the Minister for Economic and Regional Development will undertake a review of the ETSP when changes to broader economic support mechanisms or a transition to the CPF takes place, and will report back to Cabinet if any changes are required to be made;
- 35 **agreed** that the Minister for Economic and Regional Development publicly announce the ETSP scheme shortly after Cabinet decisions are made, in consultation with the Prime Minister and the Minister of Finance.

Michael Webster  
Secretary of the Cabinet