



## COVERSHEET

<b>Minister</b>	Hon Stuart Nash	<b>Portfolio</b>	Economic and Regional Development
<b>Title of Cabinet paper</b>	Extension of the COVID-19 Events Transition Support Payment scheme	<b>Date to be published</b>	11 April 2022

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
February 2022	Extension of the COVID-19 Events Transition Support Payment scheme	Office of the Minister for Economic and Regional Development
9 February 2022	Extension of the COVID-19 Events Transition Support Payment Scheme DEV-22-MIN-0007 Minute	Cabinet Office
1 December 2021	2122-2080 Decision for amendments to the Events Transition Support Payment Scheme	Ministry of Business, Innovation and Employment
28 January 2022	2122-2436 Implications of the Omicron Outbreak for the Events Transition Support Payment Scheme	Ministry of Business, Innovation and Employment

### **Information redacted**

**YES**

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.

Some information has been withheld for the reason of Commercial Information, Free and Frank opinions, Privacy of natural persons, and Confidential advice to Government.

## In Confidence

Office of the Minister for Economic and Regional Development

Cabinet

## Extension of the COVID-19 Events Transition Support Payment scheme

### Proposal

- 1 This paper seeks Cabinet agreement to extend the COVID-19 Events Transition Support Payment scheme (ETSP) to provide support and confidence to the events sector throughout 2022 in response to the current outbreak of the COVID-19 Omicron variant.

### Relation to government priorities

- 2 The proposals in this paper directly support the Government's broader COVID-19 economic response through *Continue to keep New Zealand safe from COVID-19* and *Accelerating the recovery and rebuild from the impacts of COVID-19*. Events play a key part in supporting social cohesion and wellbeing and are economically significant to regions and local communities. Providing confidence to the event sector in the current uncertain environment is imperative to support the sector's recovery and long-term viability in New Zealand. It will also deliver spill-over benefits to other allied sectors such as tourism and hospitality.

### Issue identification

- 3 The current outbreak of the Omicron variant of COVID-19 in New Zealand, and the consequent shift of the country to the COVID Protection Framework (CPF) Red Level is having a severe impact on the events sector. Limitations of 100 people on gathering sizes at CPF Red mean that most medium-large scale events have no ability to proceed and no certainty for planning new events over the next 12 months. Without intervention, the inevitable extended period of inactivity will see businesses that supply and deliver events fail, impacting both the cost and delivery viability of future event hosting in New Zealand and have spill-over economic and social impacts.

### Executive Summary

- 4 The ETSP was originally designed in response to the Delta outbreak in late 2021 and the uncertainty that this outbreak posed for events heading into the peak summer events season. The ETSP has achieved that purpose with many large-scale events having taken place over the summer period. Those events that have been prohibited from operating due to public health restrictions are eligible to have up to 90 percent of their unrecoverable costs covered. The scheme has been operating well and the feedback from the sector has generally been positive.

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- 5 The recent shift to CPF Red, the ongoing uncertainty posed by the current Omicron outbreak and the likelihood of further COVID-19 variants arising in 2022 is creating severe impacts for the events sector, which is largely prohibited from operating under CPF Red due to gatherings being limited to a maximum of 100 people. The ETSP scheme currently only applies to eligible events scheduled to begin up until 3 April 2022.
- 6 The implications for the wider events sector if public health restrictions continue to prohibit events from proceeding through 2022 are significant. This would include loss of economic activity in local communities, loss of conference and business event capacity to overseas competitors, and reduced opportunity for the social wellbeing and connection which events stimulate.
- 7 The proposed changes I am recommending are:
- 7.1 Extending the timeframe of the ETSP to 31 January 2023;
  - 7.2 Adding a new payment trigger to allow events to cancel or postpone if the lead artist/subject is required to self-isolate;
  - 7.3 Amending an existing payment trigger to allow events to cancel or postpone if the event is located in an area that is at CPF Red Level or a localised lockdown at any point within the six-week period prior to the start of the event; and there has been no explicit announcement yet regarding the CPF settings for the specific date/s of the event;
  - 7.4 Amending the eligibility criteria that requires proof of financial commitment prior to 9 November 2021 to an event must either:
    - 7.4.1 have been publicly announced or have been actively in the market prior to 23 January 2022 (the day before the Government's CPF Red announcement); or;
    - 7.4.2 be a recurring event that can demonstrate a history of previous iterations over the last three years; or
    - 7.4.3 be a touring event held at multiple venues or on multiple dates that can demonstrate a financial commitment to the event dates at least four months prior to the event dates.
  - 7.5 Allowing touring events where the cumulative total of attendees across their venues and dates reaches the minimum threshold (currently set at over 5,000 attendees).
  - 7.6 Allowing business events with at least 200 attendees to be eligible for the ETSP scheme.
- 8 I considered options of reducing the size of events from over 5,000 to either 3,000 or 2,000. However, I am not proposing any changes to the size of events eligible for the ETSP, except for business events. This is consistent with the purpose of the ETSP scheme which was designed to provide certainty to large-scale events that are nationally or regionally significant, thereby carrying significant economic and social

benefit to local communities. Business events also attract high spending participants and therefore bring significant value across New Zealand's regions which aligns to the intent of the ETSP.

- 9 There are significant limitations to the data available making estimating the costs of the proposal challenging. This is because there is insufficient information on:
  - 9.1 the number of events that would be eligible for ETSP support;
  - 9.2 the costs associated with these events; and
  - 9.3 the potential financial impacts linked to public health restrictions.
- 10 There is a potential upper bound cost of \$350-\$490 million to Government to cover all events (events at over 5,000 pax and business events at over 200 pax) at ninety percent of unrecoverable costs, however this upper limit is unlikely to eventuate. I propose an additional \$150 million be allocated to the ETSP appropriation to fund an expanded ETSP, with the option to increase the appropriation if public health restrictions are such that funding is exhausted prior to closure of the scheme.

## Background

### *The establishment of the ETSP scheme*

- 11 Large events are a key driver for economic and regional development, as well as domestic and international tourism. Events also deliver benefits across the capitals of the Living Standards Framework and contribute to the wellbeing of New Zealanders, helping to improve social cohesion, community spirit and pride, develop a stronger identity and sense of place, and improve cross-cultural awareness and understanding. The vaccination requirements on large gatherings under the CPF have also been an effective tool for encouraging more New Zealanders to get vaccinated.
- 12 On 8 November 2021, Cabinet agreed to establish the ETSP scheme [CAB-21-MIN-0461 refers]. The intent of the ETSP was to provide certainty to the events sector over the peak summer period and incentivise events to proceed in the interests of broader economic and social wellbeing. The ETSP scheme was designed to provide certainty to large-scale events that are nationally or regionally significant, thereby carrying significant economic and social benefit to local communities.
- 13 The key elements of the ETSP scheme are:
  - 13.1 applies to events scheduled to begin from 17 December 2021 – 3 April 2022;
  - 13.2 applies to events of more than 5,000 in-person paid ticketed/registered attendees;
  - 13.3 payment is triggered in the instance that an event is prohibited from operating due to public health restrictions;
  - 13.4 payment covers 90 percent of eligible unrecoverable costs;
  - 13.5 there is no discretion in determining eligibility, and Cabinet's agreed set of criteria provides the definitive determination of eligibility.

- 14 Cabinet agreed the triggers for payment are when an event must be cancelled or postponed due to one of the following:
  - 14.1 the event location is at CPF Red Level or a localised lockdown on the date/s of the event; or
  - 14.2 at least 50 percent of tickets/ registrations have been sold to attendees located within a CPF Red Level or localised lockdown area on the date/s of the event (assuming regional boundary restrictions are in effect).
- 15 Following New Zealand's transition to the CPF, Covid-19 Recovery Ministers with delegated authority to act added an additional trigger to allow events to cancel or postpone if:
  - 15.1 the event location is at CPF Red or a localised lockdown at any point within the four-week period prior to the start of the event; and there has been no explicit announcement yet regarding the CPF settings for the specific date/s of the event.
- 16 The ETSP was designed in response to the Delta variant outbreak of COVID-19 which was creating significant uncertainty for event organisers over the peak 2021/2022 summer events season. The ETSP has generally been well received by the events sector. The events that have been approved eligibility under the scheme to date are listed in **Appendix One**. Until 23 January 2022, the ETSP had provided sufficient certainty to incentivise many large-scale events to go ahead and continue organising over the peak summer season. Payment triggers had been met in very few cases, and about five events that cancelled or postponed are eligible to submit a claim for the period prior to 23 January 2022.
- 17 The Ministry of Culture and Heritage's Arts and Culture Event Support Scheme (ACCESS) provides similar insurance-type support to arts and culture events that are not eligible for the ETSP. The parameters of the ACCESS are largely consistent with the ETSP but the ACCESS targets support to arts and culture events between 100 and 5,000 attendees for ticketed events, or more than 5,000 attendees for un-ticketed (free) events. On 2 February 2022, the Government announced that the ACCESS would be extended from 3 April 2022 to cover events scheduled to be held before 31 January 2023. Changes will be made to ACCESS settings to reflect any changed attendance threshold and eligibility criteria.

#### *Implications of the Omicron variant outbreak*

- 18 Following the Government's announcement on 23 January 2022 that the entire country will shift to CPF Red Level, many more events will become eligible to claim against the ETSP. Limitations on gathering sizes mean that most events have no ability to proceed under the CPF Red Level. Officials estimate that approximately 160 events scheduled to start by 3 April 2022 will become eligible to make a claim against the scheme, with the expected total cost of the scheme to the Government to be around \$150 million. This is within the \$200 million allocated to the ETSP scheme.
- 19 In early February 2022, Covid-19 Recovery Ministers with delegated authority to act agreed to remove the three payment triggers for all eligible events scheduled for the

remainder of the ETSP timeframe (events to begin from 23 January 2022 until 3 April 2022). This ensured that event organisers have the option to make postponement or cancellation decisions that are reasonable in the wider social, health and economic interest given the high likelihood that the country will remain in CPF Red for the remainder of the ETSP timeframe. It also minimises the overall financial burden for the Government and for the event organisers.

- 20 The current uncertainty around the timeframe for the current Omicron outbreak, and consequent timeframe that the country will remain at CPF Red Level, casts considerable doubt over the viability of events planned over the next few months. In addition, the likelihood of new COVID-19 variants through 2022 will continue to challenge the sector and make it near impossible to plan events without any insurance, which remains unavailable in the private market.
- 21 The long-term implications for the wider events sector if public health restrictions continue to prohibit events from proceeding through 2022 are significant. In the short term, this would include loss of economic activity in local communities, loss of conference and business event capacity to overseas competitors, and reduced opportunity for the social wellbeing and connection which events stimulate.
- 22 In the medium-term, event organisers have, in many cases, exhausted any reserves they may have had, which makes them unwilling or unable to carry the risk of continuing to plan future events. Suppliers to the industry are also feeling considerable pressure. With such an extended period of inactivity, it is almost inevitable that more of these supplier businesses will close. When we do return to a time with no gathering restrictions, some within the sector are predicting there will not be enough suppliers to enable delivery. This would impact both the cost and delivery viability of future event hosting in New Zealand.

### **Options for extending the COVID-19 Events Transition Support Payment**

- 23 I propose that Cabinet agree to extend the COVID-19 Events Transition Support Payment (ETSP) scheme to provide further support and confidence to the events sector to continue planning events throughout 2022.
- 24 Extending the ETSP scheme will likely incentivise event organisers to continue planning events throughout 2022, thereby minimising the economic and social implications that would otherwise arise should the events sector hibernate in the face of increased risk and uncertainty. The certainty of the government contributing to unrecoverable event costs if an event needs to cancel because of public health restrictions will bring much needed confidence, and flow-on economic benefits through the events supply chain.
- 25 The options for expanding the ETSP scheme include:
  - 25.1 Extending the timeframe of the scheme (only events scheduled to start by 3 April 2022 are currently eligible);
  - 25.2 Reducing the size of events eligible for the ETSP (only events with over 5,000 in-person paid ticketed/registered attendees are currently eligible);

- 25.3 Applying a different set of criteria to business events to increase the range of business events eligible for the ETSP (most business events do not meet the current eligibility criteria).

**Extending the timeframe for the ETSP scheme**

- 26 I recommend that the ETSP scheme be extended from the current end date of 3 April 2022 to a new end date of 31 January 2023. This extension would mean that all events which meet the eligibility criteria and are scheduled to be held between 4 April 2022 and 31 January 2023 (inclusive) would now become eligible for the ETSP scheme.
- 27 The CPF Red Level has severe impacts for the events sector due to the limitations on gathering sizes. The current uncertainty around the timeframe for the current Omicron outbreak, and the likelihood of further outbreaks of new COVID-19 variants in 2022, will continue to challenge the sector and make it near impossible to plan events. In the absence of COVID-19 related insurance for the events sector in the private market, I consider that extending the ETSP scheme is an appropriate and effective support mechanism for the hard-hit events sector.
- 28 An end date of 31 January 2023 is appropriate for several reasons, including:
  - 28.1 It reflects the likelihood of continued uncertainty for the events sector throughout 2022.
  - 28.2 Ending the ETSP scheme prior to 31 January 2023, for example 31 December 2022, will create inequitable outcomes across the peak summer festivals, particularly festivals normally held through late December and early January.
  - 28.3 31 January 2023 is consistent with the extension of the Arts and Culture Event Support Scheme (ACCESS) which will ensure greater equity across government support for the events sector.
  - 28.4 Commercial Information  
[Redacted]
  - 28.5 A fixed end date of 31 January 2023 is preferable to an uncertain date, such as the end of the CPF, to manage fiscal implications and certainty for the events sector.
  - 28.6 The long lead-in window for planning large-scale events means that a window of certainty any less than six months will provide little value in terms of added confidence for event organisers. Many event organisers are already making cancellation decisions for events in mid-2022.
- 29 Based on the information available, an extension to 31 January 2023 is expected to cover an additional 350 – 500 events if the current eligibility criteria are maintained.

- 30 Free and frank opinions
- 31 Free and frank opinions

*Reinstatement of the payment triggers*

- 32 An extension to 31 January 2023 will require the reinstatement of the payment triggers which have recently been removed for all eligible events under the current scheme. The payment triggers were removed in response to the likelihood that the country will remain in CPF Red Level for most of the remaining period of the ETSP scheme (3 April 2022). Removing the payment triggers allowed eligible events to make cancellation or postponement decisions earlier than would otherwise be permitted, reducing the financial implications for event organisers and the Government.
- 33 It is appropriate to reinstate these payment triggers for events that will become newly eligible under an extended ETSP scheme. This will ensure that events beyond 3 April 2022 are not making cancellation or postponement decisions without certainty, or unreasonably high risk, that public health restrictions will prohibit the delivery of their event. To ensure the payment triggers remain relevant in the current public health context, including acknowledging the isolation requirements associated with the Omicron outbreak, and the uncertainty presented by unknown end-dates to CPF level changes, I propose that some adjustments are made to the triggers.
- 34 I propose that for events from 4 April 2022 onwards, they will only be eligible for the ETSP if the event must be cancelled or postponed due to one of the following:
- 34.1 the event is located in an area that is at CPF Red Level or a localised lockdown on the date/s of the event (*no change*); or
  - 34.2 at least 50% of tickets/paid registrations have been sold to attendees located within a CPF Red Level or localised lockdown area on the date/s of the event (assuming regional boundary restrictions are in effect) (*no change*); or
  - 34.3 the event is located in an area that is at CPF Red Level or a localised lockdown at any point within the six-week period prior to the start of the event; and there has been no explicit announcement yet regarding the CPF



settings for the specific date/s of the event (*lead-in window increased from four-weeks to six-weeks*)<sup>1</sup>; or

- 34.4 the lead artist/subject is required by the Ministry of Health to self-isolate over the period of the event and there is no available alternative artist/subject (*proposed new trigger event*).
- 35 I consider that the amendment to the trigger at 34.3 above is necessary to acknowledge the uncertainty created by shifts in CPF settings. The original payment trigger was designed under the assumption that CPF settings would be set with known review or end dates. Without a known end date, event organisers can face entering their period of high financial risk (around six weeks prior to the event) without any expectation of being able to hold their event. For some events with large infrastructure and set-build requirements, the risk window can be earlier than six weeks. I consider that a six-week period of uncertainty is a reasonable acknowledgement of the reality of making event cancellation decisions in an uncertain public health environment.
- 36 The arrival of the Omicron variant since the ETSP was designed has increased the likelihood of individuals being required to isolate due to contracting COVID-19 or being required to self-isolate. Unlike other sectors which can typically resume earning revenue quickly following critical staff absences, if the lead artist/subject is required to self-isolate during the window for an event, the opportunity to generate revenue from the event is lost, or at best deferred by many weeks or months.
- 37 Therefore, if we agree to extend the ETSP to 31 January 2023, I have also proposed adding a new payment trigger at 34.4 to enable eligibility for events that cancel or postpone due to the lead artist/subject contracting COVID-19 or being required to self-isolate. Under this payment trigger, the event would be required to demonstrate that it cannot proceed without the lead artist/subject and there is no replacement act or alternative available. I propose that MBIE and its third-party provider, Aon, be given discretion to determine whether payment is triggered for an event under this criterion, using a consistent process to ensure fairness and transparency.

*Changes to the eligibility criteria if the timeframe is extended*

- 38 An extension of the ETSP scheme to 31 January 2023 also requires some changes to the eligibility criteria. These changes will not apply to events currently eligible for the scheme and will only apply to events from 4 April onwards. The following changes are proposed to ensure the criteria remain relevant for events through to 31 January 2023:
- 38.1 Amend the dates by which events are eligible for the ETSP to: Event date must be scheduled to begin between 4 April 2022 and 31 January 2023 (inclusive);

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<sup>1</sup> This payment trigger could allow an event to make a cancellation decision more than six weeks prior to their event. If an event organiser knows their event location will be in CPF Red level within the six weeks prior to the event, and there is no certainty yet regarding their event date, they could be eligible to cancel or postpone far earlier than six weeks prior to the event.

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- 38.2 Touring events at multiple venues on multiple dates are eligible on the basis that the cumulative total of attendees is over 5,000 and they meet all other criteria;
- 38.3 Amending the eligibility criteria that requires proof of financial commitment prior to 9 November 2021 to an event must:
- 38.3.1 have been publicly announced or have been actively in the market (e.g. where tickets or registrations have been advertised or for sale) prior to 23 January 2022; or
  - 38.3.2 be a recurring event that can demonstrate a history of previous iterations over the last three years; or
  - 38.3.3 be a touring event held at multiple venues or on multiple dates that can demonstrate a financial commitment to the event dates at least four months prior to the event dates.
- 39 The addition of a new criteria at 38.2 above is necessary to close a gap between the ETSP and ACESS schemes where some events that are economically significant to our regions are not eligible for support on the basis their tour is spread across multiple venues and regions.
- 40 The amendment at 38.3 is consistent with the existing ETSP by ensuring events are either already in the market or are taking on sufficient commitment and risk before becoming eligible for the ETSP. I consider that it is necessary to provide coverage to recurring events and touring events that may not have made financial commitments prior to 23 January 2022. Recurring events, for example those that occur annually, have a demonstrated history of delivery and ongoing risk associated with planning events regularly. These events may not have taken on financial risk yet, particularly those scheduled to take place later in the year, but are recognised and established events in the regions that warrant the certainty the ETSP provides.
- 41 Similarly, touring events, such as an international music act, require long lead-in times to secure acts and are unlikely to be planning in the current uncertain public health context. As with recurring events, promoters for large touring events are also established, have a history of delivering large events in New Zealand, and are required to take on significant risk in planning these events. Due to the financial and reputational risk, these event organisers are unlikely to take advantage of the ETSP scheme by planning events that are unlikely to go ahead. I am confident that the risk of the event organiser being liable for ten percent of unrecoverable costs and with no ability to make any profit means the likelihood of event organisers taking advantage of the ETSP scheme is minimal.
- 42 To ensure these new touring events are not incentivised to plan without any intention or likelihood of being able to proceed, I propose requiring proof of a financial commitment to the event date at least four months prior to the event date. I propose 1 July 2022 as the date by which new events can become eligible, as this is consistent with current projections for an end to the Omicron outbreak, and therefore the date from which it is prudent to encourage the sector to being planning large-scale events again.

- 43 Subject to the following options set out below for the size of events and business events coverage, I propose that no further changes are made to the criteria for an extension of the ETSP scheme to 31 January 2023. Carrying over a consistent set of criteria is preferred to ensure equity with events already eligible for the ETSP and for ease of implementation.

### Reducing the size of events eligible for the ETSP

- 44 Reducing the minimum size of events eligible for the ETSP, in addition to extending the timeframe to 31 January 2023, will enable the Government to more equitably direct support across the different events sector categories. The Ministry of Culture and Heritage's ACCESS scheme provides similar insurance-type cover for smaller arts and culture events with between 100 – 5,000 attendees. Small-medium scale events in the following event categories will not be eligible for support under either scheme: sports, business, agriculture, community, and food and wine.
- 45 Enabling smaller scale events to be covered by the ETSP will address some of these equity concerns by providing coverage for a wider range of events across the event categories. However, this extension will also carry significant additional financial liability for the Government and is inconsistent with the purpose of the ETSP scheme. The ETSP was designed to provide certainty to large-scale events that are nationally or regionally significant, thereby carrying significant economic and social benefit to local communities.
- 46 Due to the significant financial liability and complexity of implementation, I do not propose changing the size of events eligible for the ETSP scheme, except for business events (discussed further below). I have considered several options in coming to this recommendation, including:
- 46.1 **Option one (recommended):** retaining the current size of events eligible at over 5,000 in-person attendees (approximately 350 – 500 events will be covered between 3 April 2022 and 31 January 2023, at a cost of \$265 – 375 million); or
  - 46.2 **Option two:** retaining the current size of events eligible at over 5,000 in-person attendees, but extending eligibility to free/un-ticketed events (approximately 450 – 700 events will be covered between 3 April 2022 and 31 January 2023, at a cost of \$310 – 435 million); or
  - 46.3 **Option three:** reducing the size of eligible events to over 3,000 in-person attendees (approximately 500 – 700 events will be covered between 3 April 2022 and 31 January 2023, at a cost of \$345 – 480 million); or
  - 46.4 **Option four:** reducing the size of eligible events over 2,000 attendees with events between 2,000 and 5,000 attendees required to demonstrate expected gross revenue of at least \$150,000 (approximately 650 – 900 events will be covered between 3 April 2022 and 31 January 2023, at a cost of \$670 – 935 million).
- 47 Option two would bring large-scale free events within scope of the ETSP scheme. Free events of this scale are usually organised by community organisations, local

councils or schools. Most events that do not charge an entry fee generate revenue through corporate sponsorship, community fundraising, or local government funding. These events do not carry the same risk of unrecoverable costs as events that generate most of their revenue through ticket sales. On this basis, I do not consider that free events warrant the same level of insurance-type protection as paid events. In addition, free/un-ticketed arts and culture events are already eligible for the ACCESS scheme which risks duplication if the ETSP is extended to these events.

- 48 At the current level of over 5,000 attendees, officials estimate that the ETSP has covered approximately 250 events over the summer period (until 3 April 2022). Of these 250 events, 104 have applied and been granted eligibility for the ETSP (see Appendix One). Many events have not yet formally applied for eligibility, which is not a prerequisite for submitting a claim under the ETSP. Events of this scale are considered regionally significant for the host region due to the scale of the event and likely economic benefit generated for the local community. Reducing the size of events eligible for the ETSP scheme to 3,000 attendees (Option three) or 2,000 attendees (Option four) may increase the likelihood that coverage will extend to events that are not regionally significant.
- 49 A reduction to 2,000 attendees (Option four) will bring many additional events within scope but significantly increase the additional cost to the Government. While smaller events carry wider social and community benefits, support for events of this scale is not consistent with the purpose of the ETSP scheme, which was designed to support large-scale events that are regionally significant and generate reasonable economic benefit for our regions. An additional eligibility rule for events between 2,000 and 5,000 attendees that limits eligibility to those events with an expected gross revenue threshold of at least \$150,000 per event would minimise, but not remove, this risk. This threshold aligns with other similar events support schemes overseas and is likely to target support at events with higher levels of attendance or at events that bring economic benefit to a region through higher turnover. This rule would essentially limit support for smaller events to those events with higher priced tickets.

### **Increasing the range of business events eligible for the ETSP**

- 50 The business events sector is a large contributor to the events industry and creates a flow of economic activity that differs from other types of events within the sector in terms of audiences, peak season and supply chain requirements. Business events provide frequent sources of revenue for convention centres and venues not commonly used for other large-scale events. Business Events Industry Aotearoa (BEIA) estimates approximately 250 business events with over 150 attendees are scheduled between now and June 2022, equating to at least \$65 million in direct spend. Business events also attract high spending participants and therefore bring significant value across New Zealand's regions which aligns to the intent of the ETSP.
- 51 Due to the current requirements for events to be over 5,000 attendees and be public facing to be eligible for the ETSP, the business events sector has been almost entirely excluded from the ETSP scheme. In addition, unlike other event categories, the peak business events season is not aligned with the summer period, and therefore the potential inequitable impact of the scheme has been minimal so far. However, if the ETSP scheme timeframe is extended to 31 January 2023, it will not apply equitably

across events categories, with the peak business events season beginning from April but with most business events remaining locked out of access to the ETSP scheme.

- 52 If we agree to extend the timeframe for the ETSP scheme, I propose that separate criteria apply for business events to ensure an equivalent portion of the business events sector is covered by the ETSP as compared with other events categories. In a post-COVID-19 operating environment (2020/2021), the largest business events have generally fallen between 200 – 500 attendees and events of that scale represent approximately 15 percent of the business events sector. To ensure the business events sector is provided equitable access to the ETSP, I recommend the following changes to the criteria for business events only:
- 52.1 The requirement that events must be public facing would not apply to business events (i.e. does not need to be open to the public), however events would need in-person attendees in New Zealand.
- 1.1 A new requirement that the event must:
- 1.1.1 be organised by a member of Business Events Industry Aotearoa (BEIA); or
  - 1.1.2 be facilitated by a Regional Convention Bureau; or
  - 1.1.3 be held at a venue for the express purpose of hosting a business event (to be verified by MBIE, in consultation with BEIA, during the eligibility process).
- 52.2 A new criterion that the event must be held at an external venue, not in-house.
- 52.3 The requirement for business events to have ticketed or registered attendees of over 5,000 be reduced to:
- 52.3.1 **Option one (recommended):** 200 or more attendees (approximately 250 - 350 events, or 15 percent of the business event sector, at a cost of \$85 – 120 million); or
  - 52.3.2 **Option two:** 250 or more attendees (approximately 100 – 200 events, or 7 percent of the business event sector, at a cost of \$40 – 85 million)
- 52.4 The tickets or registrations do not need to carry a cost to meet the minimum attendee threshold, but proof of financial commitment to suppliers for at least the minimum threshold of attendees is required.
- 53 I propose that Cabinet agree to Option one (200 or more attendees) for the size of business events to be covered. I consider that 15 percent of the coverage of the business events sector is an equitable coverage given that only the largest events across other event categories are covered by the ETSP scheme.
- 54 To minimise the possibility that non-business events can restructure their event delivery to appear as a business event and utilise the more favourable criteria, I propose that business events must fall within a prescribed definition to be eligible for

## IN CONFIDENCE

this set of criteria. The following definition has been developed in consultation with BEIA and is consistent with the definitions used in previous events packages I recommend that this definition be prescribed to accompany the above set of criteria for business events. Only events that meet the following definition will be eligible to use the business events allocation of the ETSP:

- 54.1 A business event is an event that is hosted by an organisation (association, corporate, government) and is either an incentive, conference, convention, exhibition, or trade show.
- 55 To provide further confidence that eligible business events are delivering events through established business events' operators and suppliers, I am proposing that business events must be organised by a member of Business Events Industry Aotearoa (BEIA); or be facilitated by a Regional Convention Bureau; or be held at a venue for the express purpose of hosting a business event. I propose that MBIE, in consultation with BEIA, be provided discretion to consider whether the venue is for the express purpose of hosting a business event during the eligibility application process.
- 56 Given the wide variety of possible interpretations under this definition, I propose that MBIE be given discretion to assess eligibility applications from business events against this definition on a case-by-case basis, in consultation with BEIA and its third-party provider. This will ensure that MBIE has the flexibility to decline eligibility for events that attempt to circumvent the more stringent criteria that applies for non-business events.
- 57 I propose that all other existing criteria and payment triggers apply to business events as they do for other events categories. Bringing business events into the scope of the ETSP scheme will ensure that claims are distributed more widely through the events sector supply chains, including to suppliers reliant on the business events sector, such as convention centres, function centres, and specialist conference suppliers.

### Implementation

- 58 MBIE will continue to utilise its existing All-of-Government service agreement with Aon to contract application and claims assessment services as required, to deliver an extended ETSP. Following negotiation of an extension to the ETSP delivery, officials expect that the ETSP can continue to operate under current arrangements. If Cabinet agrees to include business events in an extended ETSP, separate forms and processes that reflect the different criteria for business events will be developed.
- 59 Aon is providing a two-step verification process for the delivery of the ETSP. The first step is an eligibility assessment conducted by Aon to confirm or deny an event's eligibility for support, subject to a trigger event and appropriate financial checks. The second step is a claim assessment conducted by Aon, if the triggers for pay-out are met.
- 60 MBIE will report regularly to me, as Minister for Economic and Regional Development, on the implementation of the ETSP scheme. As New Zealand shifts through CPF settings throughout 2022, I will consider any implications for the ETSP scheme. I will also report back to Cabinet by the end of April 2022 on the

implementation of the extended ETSP scheme and any implications resulting from changes to the CPF settings before then.

### **Financial Implications**

- 61 As with the original design of the ETSP scheme, there are significant limitations to data available on the number of events that would be eligible for the ETSP and the costs associated with these events. Officials have some further data on events over the summer period based on events that have been eligible for the ETSP, however the true number of events in New Zealand across a calendar year is unknown. The event number estimates in Table One below are based on known eligible event numbers over the current ETSP summer period, a 2021/22 New Zealand Event Calendar (November 2020 – March 2021) provided by regional bodies, and information provided by the events industry. These estimates are designed only to give a high-level understanding and are not exhaustive.
- 62 The data available for business events pre-COVID is more widely accessible. However, the business events sector is operating at a reduced capacity post-COVID and the proportion of events normally scheduled through a calendar year is likely to be much lower than pre-COVID. The data outline below for business events is based on projections provided by BEIA for the 2022 calendar year, and assumptions based on previous years' data.
- 63 The estimated costs in Table One below assume that event organisers incur an average sunk cost. The average unrecoverable cost per event is taken from the known information for events eligible under the existing ETSP scheme, information provided by the events sector, and assumptions based on the scale of events.

*Table One: Average unrecoverable costs per event*

<b>Option</b>	<b>Number of events covered<sup>2</sup></b>	<b>Average total unrecoverable cost per event</b>
<b>Size of events to be covered</b>		
1. Paid events over 5,000 pax (status quo)	350 – 500	\$830,000
2. All events over 5,000 pax (incl. free events)	450 – 650	\$415,000
3. Paid events over 3,000 pax	500 – 700	\$600,000
4. Paid events over 2,000 pax	650 – 900	\$450,000
<b>Business events</b>		
1. 200+ pax	250 – 350	\$375,000
2. 250+ pax	100 – 200	\$465,000

- 64 The average unrecoverable cost per event in Table One above is used to estimate the upper bound cost to Government to cover all events at ninety percent of

<sup>2</sup> Between 3 April 2022 – 31 January 2023 (does not include events covered by the existing ETSP scheme)

**IN CONFIDENCE**

unrecoverable costs. There is a potential upper bound cost of \$350-\$490 million to Government to cover all events at ninety percent of unrecoverable costs. It is important to note that these estimates assume that all events until 31 January 2023 are cancelled, and the Government is liable for the portion of costs to all eligible events. It is unlikely that all events will be cancelled and therefore these estimates should be treated as an upper bound. Officials anticipate approximately \$50 million will remain unspent in the ETSP appropriation at the end of the current scheme. Therefore, I propose an additional \$150 million be allocated to the ETSP appropriation, bringing a total of \$200 million, to fund an expanded ETSP, with the option to increase the appropriation if the public health restrictions are such that funding is exhausted prior to closure of the scheme.

*Table Two: Indicative fiscal estimates (upper bound)*

	<b>Number of events<sup>3</sup></b>	<b>Cost required to cover 90% unrecovered costs</b>
<b>Size of events to be covered</b>		
1. Paid events over 5,000 pax ( <b>recommended</b> )	350 – 500	\$265 – 375 million
2. All events over 5,000 pax (incl. free events)	450 – 650	\$310 – 435 million
3. Paid events over 3,000	500 – 700	\$345 – 480 million
4. Paid events over 2,000	650 - 900	\$670 – 935 million
<b>Business events</b>		
1. Business events 200+ pax ( <b>recommended</b> )	250 – 350	\$85 – 120 million
2. Business events 250+ pax	100 – 200	\$40 – 85 million
<b>Total if recommended options adopted (Paid events over 5,000 and business events 200+)</b>	<b>600 – 850</b>	<b>\$350 – 490 million</b>

65 The existing appropriation is expected to have around \$50 million remaining after all claims are paid under the existing ETSP scheme. Due to the uncertainty around public health restrictions, I recommend that Cabinet agrees to provide an additional \$150 million to the ETSP appropriation that can be topped up if needed, depending on public health restrictions and any updates to broader government support settings. This is a similar approach to the existing ETSP scheme and the Resurgence Support Payment.

### **Legislative Implications**

66 As there was a risk that the original establishment of the ETSP scheme may have constituted an indemnity, on 8 November 2021 the Minister of Finance exercised his statutory power under section 65ZD of the Public Finance Act 1989 and agreed to approve and effect the establishment of the ETSP and thereby provide an indemnity.

<sup>3</sup> Between 3 April 2022 – 31 January 2023 (does not include events covered by the existing ETSP scheme)



67 Amendments to the scope and duration of the ETSP proposed in this paper will extend the scope of the existing potential indemnity. Therefore, the amendments to the ETSP will be subject to the Minister of Finance making a further decision under section 65ZD of that Act as to whether to grant a further indemnity. This decision is expected to occur prior to announcement.

68 There are no further legislative or regulatory impacts due to the proposals in this paper.

#### **Regulatory Impact Statement**

69 There are no regulatory proposals in the paper, and therefore Cabinet's impact analysis requirements do not apply.

#### **Climate Implications of Policy Assessment**

70 There are no climate implications arising from proposals in this paper.

#### **Population Implications**

71 There are no population implications arising from the proposals this paper.

#### **Human Rights**

72 There are no human rights issues arising from the proposals in this paper.

#### **Consultation**

73 The Treasury, Department of Prime Minister and Cabinet, Sport New Zealand, and the Ministry for Culture and Heritage, have been consulted on the proposals in this paper.

#### **Communications**

74 I intend to announce the outcome of Cabinet's decision as soon as practicable after it is made, in consultation with the Prime Minister and Minister of Finance. MBIE will also inform the sector of the outcome following announcements being made public.

75 Following announcement, MBIE will update the relevant pages on its website that sets out the parameters of the scheme and eligibility criteria for potential applicants. An email address is available through which questions can be raised.

#### **Proactive Release**

76 This paper will be proactively released with any appropriate redactions as soon as practicable after public communication of the scheme.

## Recommendations

The Minister for Economic and Regional Development recommends that Cabinet:

- 1 **note** that until 23 January 2022, the Events Transition Support Payment (ETSP) provided sufficient certainty to incentivise many large-scale events to go ahead and continue organising over the peak 2021/2022 summer season;
- 2 **note** that due to the transition of New Zealand to the COVID-19 Protection Framework (CPF) Red setting on 23 January 2022, COVID-19 Recovery Ministers with delegated powers to act agreed to remove the ETSP triggers for payment for all eligible events scheduled to begin between 23 January and 3 April 2022;
- 3 **note** there are significant medium to long-term implications for the wider events sector if public health restrictions continue to prohibit events from proceeding through 2022, such as supply chain pressures and businesses closures;
- 4 **note** that extending the ETSP scheme will likely incentivise event organisers to continue planning events throughout 2022, thereby minimising the economic and social implications created by the COVID-19 public health restrictions and ongoing limits in gathering size;

### *Extending the timeframe for the ETSP scheme*

- 5 **agree** to extend the COVID-19 Events Transition Support Payment (ETSP) scheme to 31 January 2023;
- 6 **agree** that for events from 4 April 2022 to the end of the ETSP scheme, the triggers for the ETSP are when an event must be cancelled or postponed due to one of the following:
  - 6.1 the event location is at CPF Red level or a localised lockdown on the date/s of the event; or
  - 6.2 at least 50 percent of tickets/paid registrations have been sold to attendees located within a CPF Red level or localised lockdown area on the date/s of the event (assuming regional boundary restrictions are in effect); or
  - 6.3 the event is located in an area that is at CPF Red or a localised lockdown at any point within the six-week period prior to the start of the event; and there has been no explicit announcement yet regarding the CPF settings for the specific date/s of the event or
  - 6.4 the lead artist/subject is required by the Ministry of Health to self-isolate over the period of the event and there is no available alternative artist/subject.
- 7 **agree** that the Ministry of Business, Innovation and Employment be given discretion to determine whether payment is triggered for an event under 6.4 above, using a consistent process to ensure fairness and transparency;

**IN CONFIDENCE**

- 8 **agree** the following criteria apply to events within the extended timeframe for the ETSP (4 April 2022 – 31 January 2023) to ensure the ETSP is targeted at events that are regionally significant and is distributed in an equitable way:
- 8.1 Event date must be scheduled to begin between 4 April 2022 and 31 January 2023;
  - 8.2 Event must:
    - 8.2.1 have been publicly announced or have been actively in the market (e.g. where tickets or registrations have been advertised or for sale) prior to 23 January 2022; or
    - 8.2.2 be a recurring event that can demonstrate a history of previous iterations over the last three years; or
    - 8.2.3 be a touring event held at multiple venues or on multiple dates that can demonstrate a financial commitment to the event dates at least four months prior to the event dates.
  - 8.3 Event must be public facing ie open to the public and in New Zealand.
  - 8.4 Event must be organised by a New Zealand registered organisation (eg an entity registered with the Companies Office or a charitable organisation).
  - 8.5 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).
  - 8.6 Event must not be currently receiving funding through the Major Events Fund or receive similar funding from the Ministry for Culture and Heritage’s Arts and Culture Event Support Scheme 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.
  - 8.7 Event must require the use of COVID-19 vaccination certificates.
  - 8.8 Event organisers can only apply once for cancellation and once for postponement for an event.
  - 8.9 Touring events across multiple venues and dates are eligible on the basis that the cumulative total of attendees reaches the minimum attendee threshold, and they meet all other criteria.
- 9 **agree** that all other existing parameters for the ETSP, as agreed by Cabinet on 8 November 2022, apply to events under the expanded timeframe, subject to decisions in recommendations 10 – 15 below;

*Reducing the size of events eligible for the ETSP*

- 10 **If recommendation 5 is agreed, agree** that events must have expected in-person attendees of over 5,000 paid ticketed/registered attendees (approximately 350-500 events at a cost of \$265 – 375 million);

*Increasing the range of business events eligible for the ETSP*

- 11 **if recommendation 5 is agreed, agree** to increase the range of business events eligible for the ETSP scheme;
- 12 **agree** the following criteria apply to business events within the extended timeframe for the ETSP (4 April 2022 – 31 January 2023):
- 12.1 event must have expected in-person attendees of at least:
    - 12.1.1 **Option one (recommended):** 200 attendees (250 – 350 events at a cost of \$85 – 120 million);
    - 12.1.2 **Option two:** 250 attendees (100 – 200 events at a cost of \$40 – 85 million);
  - 12.2 Event must be a business event hosted by an organisation (association, corporate, government) and is either an incentive, conference, convention, exhibition, or trade show.
  - 12.3 Event must:
    - 12.3.1 be organised by a member of Business Events Industry Aotearoa (BEIA); or
    - 12.3.2 be facilitated by a Regional Convention Bureau; or
    - 12.3.3 be held at a venue for the express purpose of hosting a business event (to be verified by MBIE, in consultation with BEIA, during the eligibility process).
  - 12.4 Event date must be scheduled to begin between 4 April 2022 and 31 January 2023 (inclusive).
  - 12.5 Event must have been publicly announced or have been actively in the market (e.g. where tickets or registrations have been advertised or for sale):
    - 12.5.1 prior to 23 January 2022 for events scheduled to begin before 1 July 2022; or
    - 12.5.2 at least four months prior to the event date for events scheduled to begin on or after 1 July 2022.
  - 12.6 Event must be held in New Zealand.
  - 12.7 Event must be organised by a New Zealand registered organisation (eg an entity registered with the Companies Office or a charitable organisation).

## IN CONFIDENCE

- 12.8 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).
  - 12.9 Event must not be currently receiving funding through the Major Events Fund or receive similar funding from the Ministry for Culture and Heritage's Arts and Culture Event Support Scheme 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.
  - 12.10 Event must require the use of COVID-19 vaccination certificates.
  - 12.11 Event organisers can only apply once for cancellation and once for postponement for an event.
  - 12.12 Event must be held at an external venue, not in-house.
  - 12.13 Event must have ticketed or registered attendees of over 200 attendees (the tickets or registrations do not need to carry a cost, but proof of financial commitment to suppliers of at least the minimum threshold of attendees is required).
  - 12.1 Touring events across multiple venues and dates are eligible on the basis that the cumulative total of attendees reaches the minimum attendee threshold, and they meet all other criteria.
- 13 **agree** that all other existing parameters for the ETSP as agreed by Cabinet on 8 November 2022 [CAB-21-MIN-0461 refers] and payment triggers as agreed in recommendation 6 above, apply to business events under the expanded timeframe;
  - 14 **agree** that MBIE and its third-party provider, in consultation with Business Events Industry Aotearoa, have discretion to approve and decline eligibility applications for business events using the criteria agreed above;
  - 15 **agree** that there will be no discretion beyond that in recommendations 7, 13 and 14 in determining eligibility for the ETSP, and that the set of criteria will be a definitive determination of eligibility;

### *Implementation*

- 16 **note** that MBIE will continue to utilise its existing All-of-Government service agreement with insurance provider, Aon, to contract application and claims assessment services as required, to fulfil the needs of an extended ETSP;
- 17 **note** the Minister for Economic and Regional Development will continue to monitor the ongoing implementation of the ETSP scheme alongside the CPF and will report back to Cabinet by the end of April 2022;

### *Legislative recommendations*

- 18 **note** that the ETSP may constitute an indemnity;

**IN CONFIDENCE**

- 19 **note** 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;
- 20 **note** that, to the extent the implementation of the extended ETSP constitutes an indemnity, the extension of the ETSP will be subject to the Minister of Finance making a decision under section 65ZD of the Public Finance Act 1989 as to whether to grant that indemnity;

*Financial recommendations*

- 21 **note** that an appropriation was established for the existing ETSP scheme with \$200 million funding provided and a recommendation that it be topped up as needed depending on public health restrictions and therefore demand for the ETSP;
- 22 **note** that the existing ETSP scheme, scheduled to end on 3 April 2022, is expected to pay-out up to approximately \$150 million, leaving approximately \$50 million unspent in the appropriation;
- 23 **agree** that any funding remaining unspent in the appropriation at the end of the existing ETSP scheme be used to fund part of the extension to the ETSP;
- 24 **note** that while there is a potential upper bound cost of \$350-\$490 million to Government to cover all events (events at over 5,000 pax and business events over 200 pax) at ninety percent of unrecoverable costs this is unlikely to eventuate.
- 25 **agree** to provide an additional \$150 million in funding for the ETSP appropriation to fund an extended ETSP, and that it be topped up as needed depending on public health restrictions and therefore demand for the ETSP;
- 26 **approve** the following changes to appropriations to give effect to recommendations 5, 25, with the corresponding impact on the operating balance:

Vote Business Science and Innovation Minister for 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 Relief Payment	-	150.00	-	-	-

- 27 **agree** that the expenses incurred as a result of recommendation 26 be charged against the COVID-19 Response and Recovery Fund (CRRF), established as part of Budget 2020;
- 28 **agree** that the proposed changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

**IN CONFIDENCE**

- 29 **note** that MBIE officials will continue working with Ministry of Culture and Heritage officials to align the ETSP scheme and the Arts and Culture Event Support Scheme as far as possible;
- 30 **authorise** the Minister of Finance, Minister of Arts, Culture and Heritage and Minister for Economic and Regional Development to jointly take decisions relating to any further design details and operational matters, including increasing appropriations, as required to progress the implementation of the ETSP to the extent that the changes do not invoke further financial liability for the Government [CAB-21-MIN-0461 refers];
- 31 **agree** that the Minister for Economic and Regional Development will publicly announce the extension to the ETSP scheme shortly after Cabinet decisions are made, in consultation with the Prime Minister and the Minister of Finance.

Authorised for lodgement

Hon Stuart Nash

Minister for Economic and Regional Development


**Appendices**

Appendix One: Events granted eligibility under the ETSP to date



## Appendix One: Events granted eligibility under the ETSP to date

Commercial Information



Commercial Information

