



COVERSHEET

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

List of documents that have been proactively released		
Date	Title	Author
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.



BRIEFING

Implications of the Omicron Outbreak for the Events Transition Support Payment Scheme

Date:	28 January 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-2436

Action sought		
	Action sought	Deadline
COVID-19 Ministerial Group	Agree to remove the payment triggers for when events are eligible to make a claim against the Events Transition Support Payment Scheme. Note the options to extend the ETSP scheme	1 February 2022
Hon Stuart Nash Minister for Economic and Regional Development		
Hon Carmel Sepuloni Minister of Arts, Culture and Heritage		

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Danielle McKenzie	Manager, Tourism System and Insights	Privacy of natural persons	✓
Amanda Harrison	Principal Policy Advisor, Tourism System and Insights	04 901 1254	-

The following departments/agencies have been consulted
The Treasury, Ministry of Culture and Heritage, Sport NZ

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Implications of the Omicron Outbreak for the Events Transition Support Payment Scheme

Date:	28 January 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-2436

Purpose

This paper seeks agreement from the COVID-19 Recovery Ministers with Delegated Power to Act, to amend the COVID-19 Events Transition Support Payment (ETSP) scheme by removing the triggers for payment of an ETSP. It also proposes options to consider an extension of the ETSP scheme in response to the current Omicron outbreak.

Recommended action

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

- a **Note** that Cabinet agreed to establish the Events Transition Support Payment (ETSP) scheme to provide certainty to event organisers over the summer period as the country transitions to the COVID-19 Protection Framework (CPF).

Noted

- b **Note** that the recent announcement to shift the entire country to CPF Red Level for an indefinite period has created further uncertainty for event organisers, particularly for those events for which eligibility to cancel or postpone has not yet been triggered for claims against the ETSP.

Noted

Removal of payment triggers for the current ETSP scheme

- c **Note** that the continued planning of large-scale events between now and 3 April until further CPF announcements are made will create perverse economic and social outcomes.

Noted

- d **Agree** to remove the payment triggers for the ETSP to allow eligible events scheduled to be held up until 3 April 2022 to cancel or postpone at any point until the date of the event.

Agree/Disagree

- e **Agree** that the change at (d) above apply to all eligible events cancelled or postponed following the Government's announcement on 23 January 2022 to shift the country to CPF Red Level.

Agree/Disagree

- f **Agree** that the change at (d) above is not a significant policy issue that warrants full Cabinet consideration.

Agree/Disagree

- g **Note** that the decision at (d) above to remove the payment triggers is unlikely to change the forecast expenditure for the ETSP scheme and is expected to be accommodated within the current appropriation.

Noted

Extending the ETSP scheme in response to the Omicron outbreak

- h **Note** that the current Omicron outbreak warrants consideration of extending the ETSP scheme to cover a wider range of events, including events scheduled beyond 3 April 2022. *Noted*
- i **Note** that an extension of the ETSP scheme is a significant policy change that requires full Cabinet consideration *Noted*
- j **Note** that the Minister for Economic and Regional Development will present a proposal for an extension to the ETSP scheme to Cabinet on Tuesday 8 February 2022. *Noted*
- k **Note** that there are options for extending the ETSP scheme, including:
- a. Extend the timeframe, for example until the end of 2022, 31 January 2023, or until the end of the CPF; or
 - b. Extend the timeframe; and expand the range of events eligible for the scheme, eg to events with more than 2,000 ticketed/registered attendees. *Noted*
- l **Note** that a separate criterion could be developed for business events to ensure an equivalent portion of the business events sector is covered by the ETSP as other events categories. *Noted*
- m Commercial Information *Noted*
- n **Note** that the changes noted in recommendation l and m will not be able to be accommodated within the current appropriation and that additional funding would be required. *Noted*



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Labour, Science and Enterprise, MBIE

28 / 01 / 2022

Rt Hon Jacinda Ardern
Prime Minister

..... / /

Hon Grant Robertson
Minister of Finance

..... / /

Hon Kelvin Davis
Minister of Māori Crown Relations

..... / /

Hon Chris Hipkins
Minister for COVID-19 Response

..... / /

Hon Andrew Little
Minister of Health

..... / /

Hon Stuart Nash
**Minister for Economic and Regional
Development**

..... / /

Hon Kris Faafoi
Minister of Immigration

..... / /

Hon Peeni Henare
Associate Minister of Health

..... / /

Hon Dr Ayesha Verrall
Associate Minister of Health

..... / /

Hon Aupito William Sio
Associate Minister of Health

..... / /

Background

1. Cabinet agreed on 8 November 2021, to establish the Events Transition Support Payment (ETSP) scheme. The intent of the ETSP was to provide certainty to the events sector over the summer period and incentivise events to proceed in the interests of broader economic and social wellbeing. The key elements of the ETSP scheme are:
 - a. applies to events scheduled over the summer period (17 December 2021 – 3 April 2022);
 - b. applies to events of more than 5,000 in-person paid ticketed/registered attendees;
 - c. payment is triggered in the instance that an event is prohibited from operating due to public health restrictions;
 - d. payment covers 90 percent of eligible unrecoverable costs;
 - e. there is no discretion in determining eligibility, and Cabinet's agreed set of criteria provides the definitive determination of eligibility.
2. The current triggers for payment are when an event must be cancelled or postponed due to one of the following:
 - a. the event location is at COVID-19 Protection Framework (CPF) Red Level or a localised lockdown **on the date/s of the event**; or
 - b. 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); or
 - c. the event location is at CPF Red or a localised lockdown **at any point within the 4-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.
3. The ETSP has generally been well received by the events sector. Until 23 January 2022, it had provided sufficient certainty to incentivise many large scale events to go ahead over the peak summer season. Payment triggers had been met in very few cases, and we estimate five events that cancelled or postponed are eligible to submit a claim for the period prior to 23 January 2022, at a total expected cost to the Government of around \$12.2 million. A dashboard providing further information on the status of eligible events and claims is attached as **Annex One**.

Implications of the current Omicron outbreak and recent shift to CPF Red Level

4. On 23 January 2022, the Government announced the entire country will move to the CPF Red Level at 11:59pm that night. This announcement has triggered the claims process for events due to be held within the following four weeks. Those events are now eligible to postpone or cancel their event and claim up to 90 percent of their unrecoverable costs under the ETSP scheme.
5. While the original intent of the ETSP was to incentivise events to continue planning and holding events over the summer period despite uncertainty, the current CPF Red Level now makes it impossible for nearly all large-scale events to proceed. Given the low likelihood of the CPF level reducing within the next six weeks it is now more appropriate to incentivise events to make prudent financial decisions. Each week that a decision to cancel is delayed to await an ETSP trigger event, the costs increase for both the ESTP scheme and for the event organisers.

The payment triggers for the ETSP are no longer appropriate

6. When Cabinet agreed to establish the ETSP scheme last year, Omicron was an unknown variant, and we did not anticipate that New Zealand would be facing a potentially wide-scale outbreak in 2022.
7. Under the current criteria, eligible events that are not in the four-week window prior to their event cannot cancel or postpone and still be eligible to claim under the ETSP for unrecoverable costs. To be eligible to claim against the ETSP, these events must delay this decision until either:
 - a. four weeks prior to the start of the event (assuming the event location is still at CPF Red Level and there is no further certainty as to the CPF Level for the date of the event); or
 - b. there is a further Government announcement that the country, or the location of the event, will be in CPF Red Level on the date of their event.
8. These events continue to incur significant costs in the lead-up to the event, despite the low likelihood of holding the event based on current projections for the Omicron outbreak. The continued uncertainty for these events, suppliers, and local communities is creating perverse social and economic outcomes. It will also lead to higher pay-out costs for the Government, as events continue to incur costs until the point at which they become eligible to cancel or postpone. The payment triggers are preventing these events from making prudent cancellation decisions and are no longer appropriate in the Omicron outbreak context¹.




Proposed amendment to remove the payment triggers for the ETSP

9. Following the recent CPF decision, MBIE has reviewed the ETSP and the Minister for Economic and Regional Development considers that an amendment is necessary to ensure that event organisers have the option to make postponement or cancellation decisions that are reasonable in the wider social, health and economic interest.
10. The Minister for Economic and Regional Development proposes to remove the triggers for when events are eligible to make a claim, against the ETSP scheme to address the continued uncertainty for event organisers. This will enable all events that meet the eligibility criteria (including those scheduled up to 3 April 2022) to immediately make decisions to cancel or postpone the event and be eligible to claim under the ETSP.
11. Decisions regarding postponement or cancellation will ultimately sit with the event organisers themselves. While the removal of the payment triggers will provide them with an option to immediately postpone or cancel and claim against the ETSP, it does not mean they will choose to do this. If an event organiser chooses to postpone their event, they will be able to claim 90 percent of the unrecoverable costs associated with postponement only (ie costs that are directly associated with the event and unable to transfer to a postponement event date). If an event organiser chooses to cancel their event, they will be able to claim 90 percent of all eligible unrecoverable costs already incurred or already subject to contract.
12. If event organisers do not choose to cancel or postpone their event immediately, they will remain eligible for the ETSP scheme if they make a cancellation or postponement decision any time until the date of their event.

¹ The four-week lead time is also impractical for touring events. As an example, Six60 is scheduled to play multiple locations around the country at different dates, and therefore are considered as separate events under the ETSP. With the current triggers, to remain eligible, the promoter would have to issue five different press releases as each show enters the four-week window, rather than announcing a postponement for the tour as a whole – adding to costs and public uncertainty.

13. The Minister for Economic and Regional Development proposes that this amendment apply to any eligible events that made cancellation or postponement decisions following the Government announcement to shift the entire country into CPF Red Level on 23 January 2022. This will ensure the change is applied equitably across all eligible events that are impacted by the decision on 23 January, 2022.

Financial implications

14. The removal of payment triggers is likely to increase the overall number of pay-outs made under the scheme, as it will allow a wider range of events to cancel or postpone and successfully claim an ETSP. However, this is likely to be balanced out by the smaller pay-outs required for events which choose to postpone or cancel at an earlier point than if the payment triggers are not removed. These events should incur fewer costs in the lead-up to the event, resulting in a smaller amount of unrecoverable costs for which the government will be liable.
15. If current public health settings do not change prior to 3 April 2022, because of a continued Omicron outbreak in New Zealand, we do not expect that these events will be able to proceed. Allowing these events to cancel or postpone as early as possible will minimise the overall financial burden for the Government and for the event organisers.
16. Confidential advice to Government



This will bring the total expected cost to the Government, including the claims already paid out and expected claims prior to 24 January, up to an estimated \$151.46 million, which remains within the original \$200 million allocation agreed by Cabinet.


Confidential advice to Government


Risks of amending the payment triggers for the ETSP

17. There are some risks attached to the decision to remove the payment triggers for the ETSP. The ETSP scheme was designed to encourage event organisers to proceed with planning and hosting their events, despite the uncertainty of public health settings. This amendment could be perceived as inconsistent with the intent of the scheme by allowing event organisers to postpone or cancel at any time prior to their event. This inconsistency is outweighed by the high likelihood that these events will eventually be required to cancel or postpone due to ongoing public health restrictions.
18. There is also a risk associated with changing the criteria for the second time after the ETSP has been announced. The first amendment was made in December to add an additional payment trigger. Some events that were due to be held earlier in the ETSP time-period that

would have been eligible for the ETSP, made decisions to cancel or postpone without a payment trigger being met. These events were unable to recoup their costs through the ETSP and are likely to consider this change as unfair and favouring events later in the summer season. An example of such an event is Toast Martinborough. We do not consider that retrospective application of the ETSP to all eligible events that have cancelled or postponed prior to the latest Red level announcement is appropriate. It would neither be consistent with the intent of the ETSP scheme, nor fair to events that took the risk and proceeded with their event over the summer period.

Wider implications of the Omicron outbreak and the recent shift to CPF Red Level for the events sector

19. The CPF Red Level has severe impacts for the events sector. Limitations on gathering sizes mean that the majority of events have no ability to proceed under the CPF Red Level. 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 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 available insurance, which remains largely unavailable in the private market.
20. 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.
21. 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.
22. Event organisers that are not eligible for the ETSP are facing considerable uncertainty and financial burden because of the need to cancel or postpone their event without any recourse to recoup unrecoverable costs. Several of these events have significant economic and social benefits for local communities and are facing a second, or even third year, of cancellation. An
Confidential advice to Government

23. Smaller scale events in the arts and cultural sector are eligible for similar insurance coverage through the Ministry of Culture and Heritage's (MCH) Arts and Culture Event Support Scheme (ACCESS). We understand that the Minister of Arts, Culture and Heritage is proposing extending that scheme beyond 3 April 2022, to address equity issues for events likely to be impacted by the Omicron outbreak between now and January 2023. No similar cover will be available for other event categories, such as sports, business, wine and food, and agricultural events.

Options for extending the ETSP Scheme

24. Extending the ETSP to cover a wider range of events would be an appropriate mechanism to support the hard-hit events sector through an uncertain period. For the most part, the ETSP

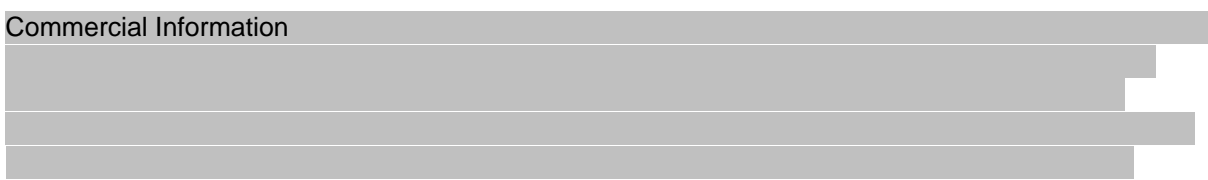
scheme has achieved its purpose of providing the necessary certainty for event organisers to continue planning events over the summer period.

25. Extending the scheme will likely incentivise event organisers to continue planning events throughout 2022, thereby minimising some of the economic and social implications that would otherwise arise should the events sector hibernate in the face of increased risk and uncertainty.
26. There are several options that could be considered for expanding the ETSP:
 - 1) Extend the timeframe, for example until the end of 2022, 31 January 2023, or until the end of the CPF; or
 - 2) Extend the timeframe; and expand the range of events eligible for the scheme, e.g. to events with more than 2,000 ticketed/registered attendees.
27. In addition to the options above, an extension of the timeframe of the ETSP should also consider how to allow the business events sector equitable access to the ETSP scheme.
28. An extension of the ETSP scheme is a significant policy change that requires full Cabinet consideration. The Minister for Economic and Regional Development will present a proposal for an extension to the ETSP scheme to Cabinet on Tuesday 8 February 2022.

Extending the timeframe for the ETSP Scheme

29. Extending the timeframe for the ETSP could be implemented relatively quickly on the basis that the existing eligibility criteria and design parameters are continued. Some changes to the eligibility criteria would be necessary to amend the requirement for events to demonstrate a financial commitment to the scheduled event dates as of 9 November 2021 (the day the ETSP scheme was announced). Consistent with the proposed changes to the MCH ACCESS scheme, MBIE recommends that if the ETSP scheme timeframe is extended, the following eligibility criteria apply to ensure that events are taking on sufficient commitment and risk before being eligible for the ETSP:
 - Events scheduled to begin between 3 April 2022 and 1 July 2022 must demonstrate a financial commitment to the scheduled event dates as of 22 January 2022 (the day the before the Government announced the shift of the entire country to CPF Red Level).
 - Events scheduled to begin from 1 July 2022 onwards must demonstrate a financial commitment to the scheduled event dates at least [four] months prior to the beginning of the event.
30. The above criteria would replace the existing criterion whereby events must demonstrate a financial commitment to the scheduled event dates prior to the announcement of the ETSP scheme on 9 November 2021. This criterion was designed to ensure the scheme only applied to events already in the market and did not incentivise new events to plan without any intention or likelihood of being able to proceed.
31. Extension of the timeframe for the ETSP would also necessitate the reinstatement of the payment triggers, proposed for removal in this briefing, for events after 3 April 2022. 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.

32. Commercial Information



33. MBIE and MCH propose aligning the end date for the ETSP and ACESS schemes (eg to 31 January 2023) to ensure equity across government support for the events sector.

Expanding the range of events eligible for the ETSP

34. Reducing the minimum size of events eligible for the ETSP, in addition to extending the timeframe would enable the Government to more equitably direct support across the different events sector categories. The MCH ACESS scheme covers smaller arts and culture events with between 100 – 5,000 attendees. Should the eligibility timeframes for both the ACESS and ETSP schemes be extended, there is a risk that support across the events sector will continue to be inequitable. Small-medium scale events (any events under 5,000 attendees) in the following event categories will not be eligible for support under either scheme: sports, business, agriculture, community, and food and wine.
35. Enabling smaller scale events to be covered by the ETSP, eg events with over 2,000 attendees, would address these equity concerns by providing coverage for a wider range of events across the event categories. However, this extension would carry significant additional financial liability for the Government, bringing many more events within scope of the ETSP scheme and create an overlap with arts and culture events being eligible for both the ACESS and ETSP schemes. If the size of events eligible decreases from the current 5,000 attendees, there would likely need to be amendments made to the ACESS scheme.
36. Officials do not currently hold information on the number of events potentially captured by a change to the scale of events covered and would need to engage the events industry to assist with estimating this number and associated costing.

Business events are a unique part of the sector

37. The business events sector is a large contributor to the events industry and creates a flow of economic activity that frequently differs from other types of events within the sector in terms of audiences, peak season and supply chain requirements. Conferences, conventions and tradeshows provide frequent sources of revenue for convention centres and venues not commonly used for other large-scale events. Business Events Industry Aotearoa 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.
38. 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, it will cover the peak business events season but still be inequitable as the business events sector will remain locked out of access to the ETSP scheme due to the other criteria.
39. If the ETSP scheme is extended, MBIE recommends that separate criteria is developed 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, the largest business events generally fall between 150 – 500 attendees and events of that scale represent approximately 10 – 20 percent of the business events sector. To ensure the business events sector are provided equitable access to the ETSP, MBIE recommends the following changes to the criteria for business events only:

- Events would need to meet a definition for “business events” that ensure non-business events and in-house event organisers are not able to redesign events to fall within the more generous criteria. This definition would need to be developed in consultation with the business events sector.
 - The requirement for business events to have ticketed or registered attendees of over 5,000 in-person attendees be reduced to over 150 attendees. Officials will work with the business events sector to consider whether it is appropriate to maintain the criterion for events to paid ticketed or registered.
 - 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 would exclude inhouse conferences), however events would need in-person attendees in New Zealand.
40. Officials recommend that all other existing criteria and payment triggers apply as they do for other events categories. The above proposal would bring approximately 350 – 450 business events within scope of the ETSP scheme, representing coverage for the largest 10 – 20 per cent of events in the business events sector. We consider this an equitable coverage given that only the largest events across other event categories are covered by the ETSP scheme. Bringing business events into the scope of the ETSP scheme will also 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 (eg celebrity speakers).

Financial implications

41. It is difficult to estimate the number of events that could potentially be eligible for the ETSP, and therefore the associated financial implications, under each of the options above. Based on information MBIE holds regarding events over the summer period and events that have applied for eligibility for the ETSP to date, early estimates suggest there could be an additional 350-450 events brought into scope if the scheme is extended to 31 January 2023 with the current 5,000 pax requirement.
42. Early estimates suggest that an additional \$150 million funding would be required. However, these estimates do not include the cost to also extend the eligibility of the scheme to include business events, or the cost to reduce the minimum size of an event to 2,000 attendees. MBIE will continue working on refining fiscal estimates for consideration by Cabinet alongside the full details proposed for extending the scheme.
43. There may also be additional administrative costs for MBIE and Aon to extend the timeframe for the ETSP and to expand the scheme to include business events. MBIE will continue to work with Aon to establish whether additional funding is required and provide estimates of these costs for Cabinet consideration.

Next steps

44. If the COVID-19 Ministers Group agree to remove the payment triggers for the ETSP for events currently eligible, this change will be made immediately and communicated to key events sector representatives and events currently approved under the scheme.
45. MBIE officials will undertake immediate further work to estimate the number of events potentially eligible under an expanded ETSP scheme, and the associated financial cost. Officials will then discuss the options for extending the ETSP scheme with the Minister for Economic and Regional Development.
46. Following advice from officials, the Minister for Economic and Regional Development will present a proposal for extending the ETSP scheme to Cabinet on Tuesday, 8 February 2022.

Annex One: Updated dashboard for the ETSP Scheme

Confidential advice to Government

