

Hon Carmel Sepuloni

Minister for Arts, Culture and Heritage

Extension of cultural sector COVID-19 financial support – Cabinet Material

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These documents have been proactively released by the Minister for Arts, Culture and Heritage. This package includes the Cabinet paper and other key decision papers, as listed below.

Title: Cabinet minute – CAB-22-MIN-0009

## Budget Sensitive

Office of the Minister for Arts, Culture, and Heritage

Cabinet

## Extension of cultural sector COVID-19 financial support

### Proposal

- 1 This paper seeks Cabinet agreement to allocate \$121.243 million to extend support for organisations and individuals in the arts and cultural sector impacted by the COVID-19 Protection Framework (CPF) Red setting restrictions. I propose extension of the Arts and Culture Event Support Scheme; the Cultural Sector Emergency Relief Fund; and the Screen Production Recovery Fund.

### Relation to government priorities

- 2 The proposals in this paper support the broad government objective of accelerating the recovery and rebuild from the impacts of COVID-19 through supporting cultural practitioners to maintain connection with the cultural sector. The proposal will also promote Aotearoa tangā, our unique cultural identity, connecting local communities to cultural experiences to enrich wellbeing and mātauranga.

### Executive Summary

- 3 The cultural sector relies on the ability to stage events and performances to generate income and revenue, particularly through the peak summer season.
- 4 As part of the government response to the COVID-19 pandemic, capacity limits and access controls for events have significant impacts on the cultural sector, particularly live music and performing arts.
- 5 Under the Red setting of the CPF, an event that operates with My Vaccine Pass (MVP) requirements can take place with up to 100 attendees (or fewer based on physical distancing requirements and size of the venue). (Events cannot take place without an MVP requirement under Red.)
- 6 Many events are not financially viable with fewer than 100 attendees. Large numbers of scheduled events have been cancelled or postponed since the move to Red on 23 January 2022, with further cancellations and postponements expected in the coming weeks, which has significantly reduced the income of artists and workers in related industries.
- 7 As well as the loss of earnings from cancellations and postponements, the uncertainty of length of restrictions are impacting the sector's ability to plan for the remainder of 2022. Audience confidence will also be reduced.
- 8 This paper seeks a total of \$121.243 million from the Covid Response and Recovery Fund (CRRF) to extend three existing schemes to support the

cultural sector as it adapts and manages the implications of the Red setting of the CPF. The proposed changes are outlined in Table 1.

Table 1. Overview of changes to the funds

<b>Scheme</b>	<b>New Funding</b>	<b>Proposed Changes</b>
Arts and Culture Event Support Scheme	\$70.726 million	<ul style="list-style-type: none"> <li>• to extend the term to 31 January 2023</li> <li>• to extend the timeframe for proof of a financial commitment for an event to take place 22 January 2022 (it was previously 29 November)</li> <li>• to enable eligibility for new events scheduled on or after 1 July 2022</li> <li>• to amend cancellation criteria to include lead performer contracting COVID-19 or being required to self-isolate.</li> </ul>
Cultural Sector Emergency Relief Fund	\$35.517 million	<ul style="list-style-type: none"> <li>• to increase the maximum amount organisations can receive to \$300,000 (from \$100,000); and</li> <li>• to provide a one-off \$5000 grant to self-employed/sole trader who can show proof of practice as a cultural sector practitioner and show proof of a loss of income or opportunity.</li> </ul>
Screen Production Recovery Fund	\$15 million	<ul style="list-style-type: none"> <li>• to extend the fund to 31 January 2023. Manatū Taonga is seeking \$15 million in additional funding for this extension.</li> </ul>
Total	\$121.243 million	

## Background

- 9 The cultural sector contributes approximately \$10.981 billion to the New Zealand economy, which is about 3.4% of GDP. This was an annual growth of 4% over 2019, compared to an annual growth of 1.6% for total GDP.<sup>1</sup>
- 10 The cultural sector is also a key contributing sector toward individual, community and national wellbeing. The sector plays a significant role in responding to many of the needs and challenges faced by our society, including:
- 10.1 contributing to a strong economy;

<sup>1</sup> Infometrics Arts and Creative Sector Profile, 2021.

- 10.2 creating highly skilled workers;
- 10.3 improving health and wellbeing;
- 10.4 improving educational outcomes;
- 10.5 supporting democracy; and
- 10.6 fostering social inclusion and tolerance.<sup>2</sup>

*Impacts on the cultural sector*

- 11 The cultural sector relies on the ability to stage events and performances to generate income and revenue, particularly through the peak summer season (December – February). Anecdotally I have heard the sector makes the bulk of their profits, some as much as 50%, in this summer period.
- 12 Unlike other industries, the cultural sector benefits less from the online order and contactless service business models. For many organisations, individuals and venues, there are limited alternative methods of delivery beyond in-person experiences that can deliver the same revenue.<sup>3</sup>
- 13 Uncertainty can also mean that there are no event insurance products available that will provide coverage for cancellations related to the COVID-19 pandemic and associated public health restrictions.
- 14 The screen sector is also particularly vulnerable to uncertainty, as productions are reliant on access to private finance, which is contingent on access to funding to mitigate costs of Covid disruptions that are not otherwise covered by insurance.
- 15 In response to Delta, Manatū Taonga Ministry for Culture and Heritage (Manatū Taonga) established short-term cultural sector specific funds and extended some existing funds to provide confidence that summer event costs and costs of disruption to screen productions would be covered in case of escalating Covid restrictions.
- 16 The emergence of the Omicron variant, combined with Aotearoa New Zealand's move to the Red setting of the COVID-19 Protection Framework (CPF) has meant further disruption and wide cancellations of live events. Ongoing uncertainty will see a reduction in planning of new events and activity over the coming months.
- 17 Whether the Red restrictions are in place for a few weeks or many months, there will likely be lingering impacts beyond the current Red settings that will specifically affect the cultural sector and necessitate sector specific support.
- 18 COVID-19 restrictions have exacerbated existing issues within the cultural sector. The median salary of a practitioner in the sector is \$35,800 which is

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<sup>2</sup> <https://mch.govt.nz/sites/default/files/AnnualReport-web-ManatuTaonga-2020-21.pdf>

<sup>3</sup> <https://mch.govt.nz/sites/default/files/covid-response-impacts-report-dec-21.pdf>

below the median New Zealand income of \$51,800.<sup>4</sup> As a result, any disruption to their income streams can cause significant hardship.

- 19 The proposals in this paper do not address pre-existing issues; however, my officials will continue providing advice to me on medium to long-term options targeted at these over the coming months. There are initiatives in place that seek to address some of these systemic issues including the Manatū Taonga Innovation Fund, the Creative Careers Service administered by the Ministry for Social Development, and work by Creative New Zealand to develop remuneration guidelines for the arts sector.
- 20 I am also aware that a number of events over the past two years have had to postpone due to COVID-19 restrictions, only to have the new postponement date also impacted by a subsequent change in COVID-19 Alert Levels or CPF settings. This has resulted in significant stress and mental strain on top of the financial impacts for individuals whose living depends on these events.

*Events require significant time and money investment up-front*

- 21 For the portion of the sector that relies on live, in-person audiences, significant time and money are invested up-front in the planning and development of an event. The recoupment of money spent is only achieved when the event takes place. If the event cannot take place the opportunity to both recover costs and to generate revenue or income is lost. If the event can be postponed there are often additional costs incurred through the postponement process, and the time between the costs incurred and the opportunity for a return is lengthened.
- 22 The pivot to digital content delivery that was somewhat successful in reaching audiences in 2020 did not have the same success in 2021. Colmar Brunton research in May 2021 found that there is a preference for in person engagement with arts, culture and heritage, with women, Māori and Pacific peoples particularly preferring in-person participation.

*The cultural sector relies heavily on independent practitioners and contract workers*

- 23 Overall, the cultural sector relies heavily on independent practitioners, contract workers and freelancers.<sup>5</sup> Within the sector, approximately 32,675 people are self-employed which is around one third of the total sector and double the national self-employment rate. When considering business units within the sector approximately 77% of business units are self-employed individuals, and 16% are small businesses with one to five employees<sup>6</sup>.
- 24 A common business model for an organisation is to have one to five staff employees responsible for day-to-day administration and running of the business and then scaling up for an event with contract workers coming on

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<sup>4</sup> <https://mch.govt.nz/sites/default/files/AnnualReport-web-ManatuTaonga-2020-21.pdf>

<sup>5</sup> <https://mch.govt.nz/sites/default/files/covid-response-impacts-report-dec-21.pdf>

<sup>6</sup> Infometrics Arts and Creative Sector Profile, 2021

board just for the event. It is therefore challenging for people working in the sector to demonstrate reduced income relative to defined comparison periods.

- 25 Contracts for performers and production crew within the sector often do not provide for any portion of their fees to be received where an event is cancelled. For performers in particular, to create a sense of exclusivity, contracts often also include clauses which prevent performing at other events in the region a number of weeks before and after the contracted event. This limits the opportunities to generate income over those weeks.

### **Current support packages were designed for the Delta outbreak**

- 26 In response to the Alert Level 4 changes in August 2021, I reprioritised a suite of cultural sector specific support funds of \$37.5 million (of which \$22.5m was for ACESS) for the cultural sector administered by Manatū Taonga Ministry for Culture and Heritage (Manatū Taonga) in September 2021.
- 27 Initiatives established in response to the Delta outbreak at that time, included the Arts and Culture Event Support Scheme (ACESS) and Cultural Sector Emergency Relief Fund (CSERF). These funds were implemented by bringing forward uncommitted funds from the Ministry's \$374 million Cultural Recovery Package allocated as part of the COVID-19 Recovery Budget. This reprioritisation of funding was necessary and appropriate to ensure the needs of the sector at that time could be met. As a result of this previous reprioritisation, Manatū Taonga has no additional funding available for further reprioritisation.
- 28 On 9 November 2021, the Government announced the Events Transition Support Payment (ETSP), administered by the Ministry for Business, Innovation and Employment (MBIE) for events between 17 December 2021 and 3 April 2022 with a ticketed audience size of 5,000+ that are impacted by COVID-19 restrictions. Extension of this fund is currently being considered. Events are unable to draw from both ACESS and ETSP.
- 29 Additionally, in September 2021, the Screen Production Recovery Fund (SPRF) was extended until at least June 2022, to provide certainty and confidence to the sector.

### *ACESS and CSERF were designed in response to the Delta outbreak*

- 30 Both of these funds have eligibility criteria that were designed in response to the Delta outbreak in August 2021:
- 30.1 ACESS currently covers events that are scheduled between December 2021 and 3 April 2022 and organisers need to be able to demonstrate financial commitment to scheduled event dates within the timeframe noted above, as of 29 November 2021.
- 30.2 Amongst other eligibility criteria, to obtain support through CSERF, a business needs to show that their inability to operate viably is due to the August 2021 COVID-19 increase in alert level.

- 31 Appendix 1 provides further information in relation to eligibility criteria in relation to ACCESS and CSERF.
- 32 The CSERF and ACCESS initiatives have generally been successful in supporting key parts of the cultural sector through the impacts of the Delta Level 2 restrictions and the initial transition to the CPF.

The introduction of Omicron to the community and the rapid shift to the Red CPF setting have caused a new level of financial impacts for the cultural sector, as well as further eroded the confidence and certainty amongst the cultural sector. In order to continue effectively supporting the parts of the cultural sector most impacted by a prolonged time at Red, I propose allocating \$121.040 million funded from the COVID-19 Response and Recovery Fund (CRRF) to enable the duration of the ACCESS, CSERF and SPRF funds to be extended and to enable adjustments to eligibility criteria to better support individual practitioners and sole traders in the sector.

### **Arts and Culture Event Support Scheme (ACCESS)**

- 33 The ACCESS was designed to give cultural sector events confidence to commit to, plan and deliver events under the COVID-19 Protection Framework and to help retain cultural sector capacity and capability and help address immediate relief needs in the arts and culture sector.
- 34 Eligible registered events can receive up to \$300,000 to cover non-recoverable costs, relating to the planning and development of events that are impacted by restrictions imposed at the 'Red' level of the CPF. This amount is based on consultation with the sector regarding the typical costs incurred for an event of the type eligible for the ACCESS.
- 35 Currently the ACCESS fund has nearly 200 events registered for the scheme or going through the registration process. Manatū Taonga has paid out just over \$101,000 to two events cancelled in 2021. A further 40 events have notified Manatū Taonga of cancellations and losses are currently being assessed, this number is rising daily. Currently Manatū Taonga expects to pay out approximately \$10 million related to events cancelled over the months of January and February 2022.
- 36 The response to the ACCESS fund has been largely positive from the sector, particularly because it fills a gap for cultural sector events that are not eligible for the Event Transition Support Payment (ETSP) administered by the Ministry for Business, Innovation and Employment (MBIE).
- 37 Another key aspect of the ACCESS fund that came from collaboration with stakeholders is that unrecoverable costs includes payments to performers and production crew as if the event had taken place. This is in recognition of the poor contract protections currently in place, and the fact that if an event is cancelled the performers and production crew often receive minimal payment, if at all.

- 38 I understand proposals to extend and revise criteria for the ETSP will be proposed in the coming weeks. The ACESS criteria will be adjusted, if needed, to align with any changes to the ETSP criteria to ensure there continues to be no eligibility overlap between the schemes.

*Proposed extension and revised criteria*

- 39 I recommend allocating \$70 million to the ACESS fund to enable an extension of the fund and adjustments to the eligibility criteria as proposed below. Any funding provided to the ACESS fund that is unspent at the termination of the fund will be returned to the Centre. I also recommend allocating \$0.726 million to the Ministry's departmental baseline for additional resources to administer the fund at increased scale.
- 40 Currently the ACESS fund is only available for events scheduled to take place between 17 December 2021 and 3 April 2022. I propose to extend the duration of the ACESS be extended to cover events scheduled to take place until 31 January 2023, unless the use of the CPF or another public health protection framework ceases before then.
- 41 Currently, to be eligible for the ACESS an applicant must provide proof of an existing financial commitment for the event to take place as of 29 November 2021. This was to limit the availability of the ACESS to already existing events to prevent potential gaming of the system after the fund was announced. I propose revising this criterion to be proof of a financial commitment for an event to take place as of 22 January 2022, the day before the announcement of the country moving to Red, for an event scheduled to take place any time through to 31 January 2023.
- 42 To encourage continued development and planning for events into mid to late 2022 and potentially summer 2023, I also propose new events (e.g. events without a financial commitment in place as of 22 January 2022) scheduled to take place from 1 July 2022 through to the end of the fund be eligible for the ACESS.
- 43 I understand that worst-case projections indicate the peak of the Omicron outbreak should be tapering by 1 July 2022. It is not prudent to encourage the scheduling of new events to take place prior to the end of the peak of the outbreak. However, I do want to ensure confidence exists within the sector so that when the peak passes there are events to go to.
- 44 Manatū Taonga will retain flexibility to assess applications and reject applications for new events that appear to be attempting to take advantage of the scheme. For example, an application for a newly developed event scheduled to take place within three weeks in a region currently at a Red setting with no indication of the region returning to the Orange setting by the event date could be rejected.
- 45 I also recommend the fund criteria be adjusted to enable eligibility for events that cancel due to the lead performer contracting COVID-19 or being required to self-isolate. Currently this is not an eligible cancellation reason for an event



to receive payment but given the infectiousness of Omicron and the likelihood that performers will potentially contract COVID-19 or be close contacts and require self-isolation, this adjustment should be made.

- 46 I note that unlike other sectors which can typically resume earning revenue quite quickly following critical staff absences, if the time-period for when a lead performer is unavailable encompasses the window for an event, the opportunity to generate revenue from the event is lost, or at best deferred by many weeks or months.
- 47 The ACCESS payments provided already subtract any recoverable costs, including costs that can be recovered through other available supports. The Ministry will review and ensure the language regarding these provisions are up to date and reflective of current government supports such as leave subsidies.
- 48 The allocation of \$70.726 million will enable the ACCESS fund to support a minimum of 233 cultural sector events at the full payment of \$300,000 through the duration of the proposed extension. Based on data from currently registered events, however, the average payment at this time is \$84,000, therefore the proposed extension of the ACCESS is actually expected to support around 1,000 eligible cultural sector events that are not eligible for the ETSP. Following Cabinet agreement, these changes can be implemented within one week.

#### **Cultural Sector Emergency Relief Fund (CSERF)**

- 49 The CSERF was established on 1 October 2021 as a \$5 million fund of last resort supporting organisations, including sole traders, that are in danger of imminent collapse and at risk of no longer operating viably. The funding can be used for essential business costs that the organisation's income and reserves cannot cover to meet the shortfall between income and expenses over a six-week period.
- 50 If, at the end of six weeks, the organisation or sole trader is still at risk of no longer operating viably, another application can be submitted for further funding. Organisations are eligible to receive up to \$100,000 and sole traders can receive up to \$30,000 in total across all applications made to the fund.
- 51 In general, feedback to the Ministry regarding the CSERF is that it has worked well for organisations which typically have more robust and detailed accounts and as a result are better able to provide the required financial evidence. With respect to sole traders. However, feedback from the sector has been that the financial evidence requirements create too high of a bar to meet to be eligible to receive funding.
- 52 The sector has repeatedly suggested revising the criteria for sole traders to be more similar to the Emergency Relief Grant (ERG) administered by Creative New Zealand in 2020 in response to the first COVID-19 Level Four lockdown.

*Proposed extension and revised criteria*

- 53 I recommend allocating \$35 million to the CSERF, to enable more arts and cultural sector organisations and individuals to access increased financial support during the COVID-19 pandemic, by making changes to payment limits and eligibility criteria of the fund as proposed below. Any funding provided to the CSERF that is unspent at the termination of the fund will be returned to the Centre. I also recommend allocating an additional \$0.517 million to the Ministry's departmental baseline for additional resources required to administer the fund at increased scale.
- 54 I propose the CSERF remain open for applications while the entire country remains in the Red setting. Any funds remaining in the tagged contingency when the country returns to Orange will be returned to the Crown.
- 55 The CSERF will have two application streams, one for organisations with one or more employee, and one for self-employed or sole trader individuals. For the organisation application stream, eligibility and application requirements would remain the same, with small changes to adjust references to the August Delta outbreak and Alert System to align with the current Omicron outbreak and CPF Red setting.
- 56 This will ensure the fund targets those organisations that are impacted and are at clear and demonstrable risk of trading whilst insolvent specifically because of the Red settings.
- 57 In light of the uncertain length of time the country might remain at Red, I propose increasing the total amount an organisation can receive to \$300,000, not inclusive of amounts already received under the fund prior to the date changes coming into effect. I estimate approximately \$10 million of the \$35 million will support the organisation application stream, enabling up to 33 organisations to receive the full \$300,000 amount.
- 58 For the self-employed or sole trader application stream I propose a simplified, high-trust application process with minimal eligibility criteria similar to the ERG administered by Creative New Zealand in 2020.
- 59 Manatū Taonga has consulted with Creative New Zealand regarding this proposal. Informed by those discussions I recommend the following eligibility requirements:
- 64.1 proof of practice as a cultural sector practitioner in a part of the sector specifically impacted by the setting at Red (e.g. proof of receiving a cultural sector grant to develop an event or perform in the past 18 months, or proof of a contract to perform or crew a cultural sector event in the last 12 months, etc.); and
- 64.2 proof of a loss of income or opportunity for income as a cultural sector practitioner because of the change to Red on 23 January 2022 (e.g. proof of a contract or agreement to perform or crew a cancelled event, etc).

- 60 I propose that self-employed or sole trader individuals who meet these criteria receive a \$5,000 one-time grant in recognition of the reduced employment opportunities these individuals face under the Red setting. The proposed amount of \$5,000 represents a rounding up of the maximum full-time wage subsidy payment previously available to \$600 which enables the grant to offer the equivalent of approximately 8 weeks of income support up-front.
- 61 Based on the number of individuals awarded the ERG in 2020 (2,640) and taking into account there may be some individuals eligible for this fund that did not apply for the ERG. Manatū Taonga estimates 3,000 – 5,000 individuals will apply and be eligible for funding from this application stream totalling an estimate of \$15-\$25 million needed to support the fund.
- 62 As part of the grant agreement, Manatū Taonga would retain the right to audit applications with a clause that if an individual is found to have fraudulently claimed the grant the individual will be barred from receiving Manatū Taonga funding in the future. Manatū Taonga will also engage law enforcement if fraud is detected to recoup funds as possible.
- 63 Following Cabinet agreement, these changes can be implemented to enable applications to begin in three weeks.

#### **Screen Production Recovery Fund (SPRF)**

- 64 The Screen Production Recovery Fund (SPRF) of \$23.4 million was part of the Government's Screen Recovery package and was introduced to minimise the cost on the screen sector of future lockdowns and other COVID-related events that might have shut down, delayed or constrained screen productions. The New Zealand Film Commission (NZFC) received \$13.4 million and New Zealand On Air (NZoA) received \$10 million.
- 65 The Screen Recovery package has enabled domestic productions to access private finance and maintain production during the pandemic. SPRF provides sufficient surety for financiers that productions will not fall over due to government restrictions.
- 66 In June 2021, I agreed to extend the SPRF to December 2021 and again on 17 September 2021. Given the risks posed by the COVID-19 restrictions, I agreed to a further extension through to at least June 30, 2022. This extension was funded from within the original \$23.4 million allocated to this initiative as part of the COVID-19 Recovery Budget.
- 67 As alert level and government COVID settings change (whether through easing or becoming more restrictive) demand on the SPRF changes accordingly. Flexibility has been key to ensuring we can continue to provide certainty and maintain confidence in the sector.

*Proposed extension*

- 68 Producers are still facing difficulties accessing finance. The SPRF provides the level of certainty and risk management that banks are looking for to continue lending on productions.
- 69 I recommend allocating \$15 million to the SPRF to enable an extension of the fund through to at least 31 January 2023 to maximise production activity and minimise the impacts of any COVID-19 outbreaks. I recommend \$7.9 million of this funding be allocated to NZFC and \$7.1 million be allocated to NZoA.

**COVID-19 Response and Recovery Fund alignment**

- 70 The proposals in this paper to allocate funding from the COVID-19 Response and Recovery Fund (CRRF) relate to the criteria for CRRF funding as these are targeted policy responses to the immediate impacts of the resurgence-related restrictions of the Red setting that particularly impact the part of the cultural sector that relies on live, in-person events to generate revenue and income.

**Risks**

- 71 The proposals in this paper relate specifically to the cultural sector, and within the sector are further limited to those who rely on in-person audiences that cannot feasibly gather under the Red setting. While this ensures the supports are targeted at those who are truly most affected, there is likely to be a sentiment that we are favouring one sector over others that have also suffered due to COVID-19 restrictions. However, targeted supports have previously also been made available to tourism, tertiary education, sports, and small business.
- 72 It can also be expected that parts of the cultural sector will still claim the supports in these proposals are not enough. Many requests have come from a variety of groups and individuals through various channels advocating for a sector specific wage-subsidy, and it can be expected that anything less than that will be viewed as insufficient.
- 73 Lastly, the length of time it will take to implement the changes to the CSERF may create the appearance that the support is not adequately responding to immediate needs.
- 74 The best mitigations for all of these risks will be clear and proactive communications about the need for these sector specific supports, other currently available supports for all sectors, and the implementation process and timings for the extensions of these supports.

**Implementation**

- 75 Changes to the ACCESS fund are relatively technical and can be implemented within one week of Cabinet agreement to the proposal. The key change will

be updates to the electronic application to reflect new dates for event eligibility.

- 76 Changes to the CSERF fund will take approximately three weeks to implement following Cabinet agreement to the proposal. A new application will need to be built into the electronic application system for the self-employed and sole trader application stream.
- 77 Demand for the CSERF grant is expected to be high and applications are expected to come in quickly once the system opens. Manatū Taonga estimates each application for this stream could take 15-30 minutes to review and approve, following approval payment can be made quickly using Manatū Taonga's payment systems. It is currently estimated assessment of applications in total will take approximately 1,500 hours. To ensure capability to process the volume, at pace, Manatū Taonga is working with Creative New Zealand to get additional resources in place. This will also involve recruiting additional resources on a short-term basis from staffing agencies or an external contractor. The first round of payments are expected to be made within 7-10 days following receipt of the first applications.

### **Financial Implications**

- 78 The proposals in this paper require a total allocation of \$121.243 million from the CRFF.
- 79 The proposals to extend the ACESS fund require \$70 million, which enables coverage of up to 233 events at the maximum payment of \$300,000. Not all events will require the full \$300,000, therefore in reality the funding will support more than 233 events. I am also requesting \$0.726 million for Manatū Taonga departmental baseline for additional resources required to administer the fund at increased scale.
- 80 The proposals to extend and amend the CSERF require \$35 million which enables the CSERF to support up to 33 organisations at the maximum payment of \$300,000, and up to 5,000 self-employed or sole trader individuals with a \$5,000 one-time grant. Based on previous demand for similar funds and knowledge of the cultural sector, I estimate this to be a reasonable demand to expect for this fund. I am also requesting \$0.517 million for the Ministry for Culture and Heritage's departmental baseline for additional resources required to administer the fund at increased scale.
- 81 The proposal to extend the SPRF requires \$15 million. Indicative costs for a 10-day shutdown for the 18 NZFC funded productions range between \$327,000 and \$2.8M (per production). Based on previous demand for the SPRF I estimate there to be ongoing demand for this funding.

### **Legislative Implications**

- 82 There are no legislative implications from the proposals in this paper.

## Regulatory Impact Statement

83 The proposals in this paper do not require a regulatory impact statement.

## Population Implications

84 Māori and Pacific cultural sector organisations and individuals have historically received disproportionately less funding than non-Māori or Pacific peoples organisations. The proposed redesign of the CSERF application stream for self-employed and sole trader individuals simplifies the application process and reduces barriers to eligibility which should better enable better access to the funding for all underserved populations in the cultural sector.

## Human Rights

85 There are no inconsistencies between the proposals in this paper and the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993.

## Consultation

86 The policy proposals in this paper have been consulted on with the Ministry for Business, Innovation and Employment and the Treasury. The Ministry for Business, Innovation and Employment are preparing advice regarding an extension of the Event Transition Support Payment scheme, efforts have been made to ensure proposals for the Art and Culture Event Support Scheme are aligned where appropriate. The Treasury has raised concerns regarding the strength of rationale and evidence underlying the requested funding allocation, and concerns that multiple sector specific funding proposals are being prepared and considered at different times.

87 Proposals regarding the Cultural Sector Emergency Relief Fund have been consulted on and informed by discussion with Creative New Zealand.

## Communications

88 I will issue a press release following Cabinet agreement to the proposals in this paper.

## Proactive Release

89 I intend to proactively release this paper in accordance with Cabinet Office circular Proactive Release of Cabinet Material: Updated Requirements [CO (18) 4].

## Recommendations

The Minister for Arts, Culture and Heritage recommends that Cabinet:

1 **note** that performers and production crew are at high financial risk when events cannot take place under the Red alert setting of the Covid Protection Framework;

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- 2 **note** that a suite of cultural sector specific support funds for the cultural sector administered by the Ministry for Culture and Heritage (the Ministry) were established in September 2021 including the Arts and Culture Event Support Scheme (ACCESS) and Cultural Sector Emergency Relief Fund (CSERF);
- 3 **note** that the ACCESS and CSERF initiatives were designed primarily to support the sector as a result of the Delta outbreak in August 2021;
- 4 **note** that to be eligible for the ACCESS, an event must have been planned with evidence of financial commitment by 29 November 2021;
- 5 **note** that to obtain support through CSERF, a business needs to show that they have an inability to operate viably due to the August 2021 COVID-19 increase in alert level;

*Arts and Culture Event Support Scheme*

- 6 **agree** to allocate \$70 million to the ACCESS fund to enable an extension of the fund and adjustments to the eligibility criteria; and \$0.726 million to Manatū Toanga’s departmental baseline for additional resources required to administer the fund at increased scale;
- 7 **approve** the following changes to appropriations to give effect to the policy decision in recommendation 9 above, with corresponding impact on the operating balance and net core Crown debt:

<b>Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage</b>	<b>\$m - increase/(decrease)</b>				
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26 &amp; Outyears</b>
Non-Departmental Other Expense: COVID-19 - Cultural Sector Response and Recovery	40.000	30.000	-	-	-
Departmental Output Expense: Heritage Services (funded by revenue Crown)	0.270	0.456	-	-	-
<b>Total Operating</b>	<b>40.270</b>	<b>30.456</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 8 **agree** that the proposed changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 9 **agree** that the expenses incurred under recommendation 10 above be charged against the COVID-19 Response and Recovery Fund, established through Budget 2020;
- 10 **note** that any funding provided to the ACCESS fund that is unspent at the termination of the fund will be returned to the Centre;
- 11 **note** that the Minister for Arts, Culture and Heritage will approve changes to the extend coverage of the ACCESS fund, including

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- 11.1 coverage be extended to events taking place before 31 January 2023;
  - 11.2 eligibility criteria be amended to include events with proof of a financial commitments of 22 January 2022 to take place any time up to 31 January 2023;
  - 11.3 eligibility criteria be amended to include new events schedule between 1 July 2022 and 31 January 2023;
  - 11.4 eligibility criteria be amended to include a cancellation due to a lead performer contracting COVID-19 or requiring self-isolation over the scheduled event date;
- 12 **note** that changes to the ACCESS criteria will be made as needed to align to any future changes to the Event Transition Support Payment to ensure there is no eligibility overlap between the schemes;

*Cultural Sector Emergency Relief Fund*

- 13 **agree** to allocate \$35 million to the CSERF, to enable more arts and cultural sector organisations and individuals to access increased financial support during the COVID-19 pandemic; and \$0.517 million to the Ministry for Culture and Heritage’s departmental baseline for additional resources required to administer the fund at increased scale;
- 14 **approve** the following changes to appropriations to give effect to the policy decision in recommendation 19 above, with corresponding impact on the operating balance and net core Crown debt:

Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Other Expense: COVID-19 - Cultural Sector Response and Recovery	35.000	-	-	-	-
Departmental Output Expense: Heritage Services (funded by revenue Crown)	0.517	-	-	-	-
<b>Total Operating</b>	<b>35.517</b>	-	-	-	-

- 15 **agree** that the proposed changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 16 **agree** that the expenses incurred under recommendation 20 above be charged against the COVID-19 Response and Recovery Fund, established through Budget 2020;



**B U D G E T   S E N S I T I V E**

- 17 **note** that any funding provided to the CSERF fund that is unspent at the termination of the fund will be returned to the Centre;
- 18 **note** that the Minister for Arts, Culture and Heritage will approve changes to the CSERF, including
- 18.1 separate application streams for organisations and self-employed/sole trader individuals;
- 18.2 increase the maximum payment for an organisation from the CSERF to \$300,000 excluding any amount received prior to the effective date of the change;
- 18.3 new eligibility criteria for the self-employed/sole trader application stream, requiring
- 18.1.1 proof of practice as a cultural sector practitioner, and
- 18.1.2 proof of a loss of income or opportunity for income as a cultural sector practitioner because of the change to Red on 23 January 2022;
- 18.4 eligible applicants to the self-employed/sole trader application stream will receive a one-time flat \$5,000 grant

*Screen Production Recovery Fund*

- 19 **note** that the Screen Production Recovery Fund was initially allocated \$23.4 million in Budget 2021 to support the screen sector;
- 20 **note** that in response to the August 2021 Delta outbreak the Screen Production Recovery Fund was extended to 30 June 2022 with the \$12.1 million underspend transferred to 2021/22;
- 21 **note** that the Minister for Arts Culture and Heritage intends to extend the Screen Production Recovery Fund to until at least 31 January 2023 to provide confidence to the screen sector during an Omicron outbreak;
- 22 **agree** that \$15 million of additional funding is provided to the Ministry of Culture and Heritage to extend the Screen Production Recovery Fund to 31 January 2023;
- 23 **approve** the following changes to appropriations to give effect to the policy decision in recommendation 22 above, with corresponding impact on the operating balance and net core Crown debt:

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
<b>Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage</b>					

**BUDGET SENSITIVE**

Non-Departmental Output Expense: Promotion and Support of the Arts and Film	3.000	4.900	-	-	-
<b>Vote Arts, Culture and Heritage Minister for Broadcasting and Media</b>					
Non-Departmental Output Expense: Public Broadcasting Services	3.000	4.100	-	-	-
<b>Total Operating</b>	<b>6.000</b>	<b>9.000</b>	-	-	-

- 24 **agree** that the proposed changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 25 **agree** that the expenses incurred under recommendation 23 above be charged against the COVID-19 Response and Recovery Fund, established through Budget 2020;
- 26 **note** that operational decisions regarding the Screen Production Recovery Fund will continue to be taken by the Minister for Arts, Culture and Heritage.

Authorised for lodgement

Hon Carmel Sepuloni

Minister for Arts, Culture and Heritage

PROACTIVELY RELEASED

## Appendix 1: Eligibility criteria for Arts and Culture Event Support Scheme (ACCESS) and Cultural Sector Emergency Relief Fund (CSERF)

### Current ACCESS eligibility criteria

To be eligible for the ACCESS fund, events themselves must:

- a. be an arts and cultural sector event, focused on presentations or performances by cultural sector organisations and/or practitioners to members of the public who opt to attend the event primarily for the purpose of viewing that presentation or performance
- b. be scheduled between December 2021 and 3 April 2022
- c. be able to demonstrate financial commitment to scheduled event dates within the timeframe noted above, as of 29 November 2021.
- d. not already be receiving events transition support payment scheme
- e. not be delivered solely by local government or other public authorities events and performances are unable to take place under the 'red' level of the Protection Framework or due to a government mandated localised lockdown
- f. have an attendee capacity of 100 – 5,000 ticketed or unticketed, or 5,000+ unticketed participation.

To be eligible for support, an event organiser must:

- a. be based in New Zealand
- b. be able to provide proof of current New Zealand legal status
- c. be a cultural sector organisation
- d. be the organisation who has the primary financial responsibility for the delivery of the event.

### Current CSERF eligibility criteria

To be eligible for the CSERF organisations and sole traders need to demonstrate:

- a. exhaustion of all reserves and show that without financial support they will not be able to operate viably within eight weeks of application, *and*
- b. that this inability to operate viably is due to the August 2021 COVID-19 increase in alert level, *and*
- c. have exhausted/ explored all other avenues for government support, including but not limited to Wage Subsidy, Resurgence Support payments, and support from cultural sector agencies, *and*
- d. show that at the time of application, an organisation is operating at Red under the COVID-19 Protection Framework, or the organisation can demonstrate reliance on performers, crew, or other critical personnel or resources located in a region at the higher alert levels or Red, thereby preventing travel between boundaries.



# Cabinet

## Minute of Decision

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*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

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### Extension of Cultural Sector COVID-19 Financial Support

Portfolio                      Arts, Culture and Heritage

On 1 February 2022, Cabinet:

#### Background

- 1        **noted** that performers and production crew are at high financial risk when events cannot take place under the Red alert setting of the COVID-19 Protection Framework;
- 2        **noted** that a suite of cultural sector specific support funds for the cultural sector administered by the Ministry for Culture and Heritage were established in September 2021, including the Arts and Culture Event Support Scheme (ACCESS) and the Cultural Sector Emergency Relief Fund (CSERF);
- 3        **noted** that the ACCESS and CSERF initiatives were designed primarily to support the sector as a result of the Delta outbreak in August 2021;
- 4        **noted** that to be eligible for the ACCESS, an event must have been planned with evidence of financial commitment by 29 November 2021;
- 5        **noted** that to obtain support through CSERF, a business needs to show that it has an inability to operate viably due to the August 2021 COVID-19 increase in alert level;

#### Arts and Culture Event Support Scheme

- 6        **agreed** to allocate:
  - 6.1        \$70 million to the ACCESS fund to enable an extension of the fund and adjustments to the eligibility criteria;
  - 6.2        \$0.726 million to the Ministry for Culture and Heritage's departmental baseline for additional resources required to administer the fund at increased scale;

- 7 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 6 above, with corresponding impact on the operating balance and net core Crown debt:

Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Other Expense: COVID-19 - Cultural Sector Response and Recovery	40.000	30.000	-	-	-
Departmental Output Expense: Heritage Services (funded by revenue Crown)	0.270	0.456	-	-	-
<b>Total Operating</b>	<b>40.270</b>	<b>30.456</b>	-	-	-

- 8 **agreed** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 9 **agreed** that the expenses incurred under paragraph 7 above be charged against the COVID-19 Response and Recovery Fund, established through Budget 2020;
- 10 **noted** that any funding provided to the ACCESS fund that is unspent at the termination of the fund will be returned to the Centre;
- 11 **noted** that the Minister for Arts, Culture and Heritage will approve changes to extend coverage of the ACCESS fund, including:
- 11.1 coverage be extended to events taking place before 31 January 2023;
- 11.2 eligibility criteria be amended to include events with proof of a financial commitment of 22 January 2022 to take place any time up to 22 January 2023;
- 11.3 eligibility criteria be amended to include a cancellation due to a lead performer contracting COVID-19 or requiring self-isolation over the scheduled event date;
- 12 **invited** the Minister for Arts, Culture and Heritage to report back to Cabinet before approving any extension to the coverage of the ACCESS fund to new events scheduled between 1 July 2022 and 31 January 2023;
- 13 **noted** that changes to the ACCESS criteria will be made as needed to align to any future changes to the Event Transition Support Payment to ensure there is no eligibility overlap between the schemes;

### Cultural Sector Emergency Relief Fund

- 14 **agreed** to allocate:
- 14.1 \$35 million to the CSERF, to enable more arts and cultural sector organisations and individuals to access increased financial support during the COVID-19 pandemic;
- 14.2 \$0.517 million to the Ministry for Culture and Heritage's departmental baseline for additional resources required to administer the fund at increased scale;

- 15 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 14 above, with corresponding impact on the operating balance and net core Crown debt:

Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Other Expense: COVID-19 - Cultural Sector Response and Recovery	35.000	-	-	-	-
Departmental Output Expense: Heritage Services (funded by revenue Crown)	0.517	-	-	-	-
<b>Total Operating</b>	<b>35.517</b>	-	-	-	-

- 16 **agreed** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 17 **agreed** that the expenses incurred under paragraph 15 above be charged against the COVID-19 Response and Recovery Fund, established through Budget 2020;
- 18 **noted** that any funding provided to the CSERF fund that is unspent at the termination of the fund will be returned to the Centre;
- 19 **noted** that the Minister for Arts, Culture and Heritage will approve changes to the CSERF, including:
- 19.1 separate application streams for organisations and self-employed/sole trader individuals;
  - 19.2 increase the maximum payment for an organisation from the CSERF to \$300,000, excluding any amount received prior to the effective date of the change;
  - 19.3 new eligibility criteria for the self-employed/sole trader application stream, requiring:
    - 19.3.1 proof of practice as a cultural sector practitioner; and
    - 19.3.2 proof of a loss of income or opportunity for income as a cultural sector practitioner because of the change to Red on 23 January 2022;
  - 19.4 eligible applicants to the self-employed/sole trader application stream will receive a one-time flat \$5,000 grant;

### Screen Production Recovery Fund

- 20 **noted** that the Screen Production Recovery Fund was initially allocated \$23.4 million in Budget 2021 to support the screen sector;
- 21 **noted** that in response to the August 2021 Delta outbreak, the Screen Production Recovery Fund was extended to 30 June 2022, with the \$12.1 million underspend transferred to 2021/22;

- 22 **noted** that the Minister for Arts Culture and Heritage intends to extend the Screen Production Recovery Fund to until at least 31 January 2023 to provide confidence to the screen sector during an Omicron outbreak;
- 23 **agreed** that \$15 million of additional funding be provided to the Ministry of Culture and Heritage to extend the Screen Production Recovery Fund to 31 January 2023;
- 24 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 23 above, with corresponding impact on the operating balance and net core Crown debt:

	\$m - increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
<b>Vote Arts, Culture and Heritage Minister for Arts, Culture and Heritage</b> Non-Departmental Output Expense: Promotion and Support of the Arts and Film	3.000	4.900	-	-	-
<b>Vote Arts, Culture and Heritage Minister for Broadcasting and Media</b> Non-Departmental Output Expense: Public Broadcasting Services	3.000	4.100	-	-	-
<b>Total Operating</b>	<b>6.000</b>	<b>9.000</b>	-	-	-

- 25 **agreed** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;
- 26 **agreed** that the expenses incurred under paragraph 24 above be charged against the COVID-19 Response and Recovery Fund, established through Budget 2020;
- 27 **noted** that operational decisions regarding the Screen Production Recovery Fund will continue to be taken by the Minister for Arts, Culture and Heritage.

Michael Webster  
Secretary of the Cabinet