

# **The Treasury**

## **Budget 2020 Information Release**

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#### **Cabinet Document Details**

Title: **Cabinet Minute CAB-20-MIN-0328.07: COVID-19 Response and Recovery Fund (CRRF) July Package: Vote Customs**

Date: **6 July 2020**

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**No Information has been Withheld**

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# Cabinet

## Minute of Decision

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### COVID-19 Response and Recovery Fund (CRRF) July Package: Vote Customs

On 6 July 2020, Cabinet:

- 1 **approved** the attached initiatives for the above Vote for inclusion in the COVID-19 Response and Recovery Fund (CRRF) July package;
- 2 **agreed** to establish new appropriations where required to implement these initiatives, as described in the attached initiative documents;
- 3 **approved** changes to appropriations and/or capital injections to the administering department (where applicable) to implement the initiatives, as set out in the attached initiative documents;
- 4 **approved** the additional recommendations to give effect to the initiatives, as set out in the attached initiative documents;
- 5 **authorised** the Minister of Finance and relevant Appropriation Ministers to approve jointly any other changes to appropriations and/or capital injections, and the establishment of new appropriations where necessary, to give effect to the policy decisions outlined in the submission under CAB-20-SUB-0328;
- 6 **authorised** the Minister of Finance and the Appropriation Minister to approve jointly any technical adjustments to baselines necessary to remove any errors or inconsistencies identified prior to finalising the 2020/21 Supplementary Estimates;
- 7 **authorised** the chief executives of departments that monitor Crown entities directly affected by decisions in this minute to inform the chair and/or chief executive of a Crown entity, on an in-confidence-until-announcement basis, of decisions that directly affect that Crown entity for the purpose of planning and preparation of their Statement of Intent;
- 8 **agreed** that any and all underspends related to the initiatives approved in this package be returned to the CRRF, until it ceases to exist, at which point they be returned to the centre;
- 9 **agreed** that the changes to appropriations and/or capital injections for 2020/21 in the attached initiative documents be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 10 **agreed** that the expenses incurred under the attached initiative documents be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;

- 11 **agreed** that the initiative in the following table be set aside as a contingency item, and that corresponding funding for it be charged against the COVID-19 Response and Recovery Fund;

### Capital Contingency

Initiative Name	\$m - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
Customs Third Party Revenue Shortfall - Tagged Contingency	-	42.000	-	-	-
<b>Total Capital</b>	-	<b>42.000</b>	-	-	-

- 12 **noted** that the purpose of the “Customs Third Party Revenue Shortfall” contingency is to support Customs’ cash liquidity as a result of revenue pressure caused by the COVID-19 related restrictions on the NZ border and subsequent loss of third party revenue from international passenger levies;
- 13 **noted** that there is an associated initiative in Vote Customs (Initiative 12887), which includes capital funding and associated debt impacts;
- 14 **authorised** the Minister of Finance and Minister of Customs jointly to make final decisions on drawing down from, and the approval of expenditure against, this contingency;
- 15 **agreed** that the “Customs Third Party Revenue Shortfall” contingency will expire on 30 June 2021 unless extended;
- 16 **noted** that all communications relating to the CRRF and any requests for early announcement will need to have both the written approval of the Minister of Finance and sign-off from the Prime Minister's office.

Michael Webster  
Secretary of the Cabinet

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**Vote:** Customs

**Title:** Customs Third Party Revenue Shortfall

**Description:** This initiative will fund existing border security operations, which are usually funded through international passenger and goods levies, as COVID-19 restrictions have largely eliminated international passenger revenue and reduced cargo and freight revenue. It also funds the temporary redeployment of frontline Customs staff into value-add work programmes, including contributing to New Zealand's economic recovery.

## Appropriation changes

	Sm - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Balance Impact	-	7.000	-	-	-
Debt Impact	-	35.000	-	-	-
No Impact	-	(7.000)	-	-	-
<b>Total</b>	-	<b>35.000</b>	-	-	-

	Sm - increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Departmental Output Expenses:</b>					
Clearance and Enforcement Services Related to Goods (funded by revenue Crown)	-	7.000	-	-	-
Clearance and Enforcement Services Related to Goods (funded by revenue Other)	-	(7.000)	-	-	-
<b>Capital Injections:</b>					
New Zealand Customs Service - Capital Injection	-	35.000	-	-	-
<b>Total Operating</b>	-	<b>0.000</b>	-	-	-
<b>Total Capital</b>	-	<b>35.000</b>	-	-	-

- 17 **agreed** that the consequential impact of \$42 million in 2020/21 will be managed against the COVID-19 Response and Recovery Fund;
- 18 **noted** that there is an associated contingency in Vote Customs ('*Customs Third Party Revenue Shortfall - Tagged Contingency*');
- 19 **noted** that the capital injection for 2020/21 above is a maximum and that the cash will only be drawn down as required.