

27 March 2020

RPT 20/057

Minister of Customs

FINANCIAL IMPACT OF COVID-19 ON BORDER AND TRANSPORT AGENCIES

Key points

- Attached is a draft Cabinet paper on the financial impact of COVID-19 on border and transport agencies for Ministerial and coalition and support party consultation.
- Jointly developed by border and transport agencies, the paper seeks urgent funding to ensure that agencies can continue operating.
- We recommend that you seek feedback by 10am Wednesday, 1 April, and advise Customs of any changes required to the paper. We will then provide a final paper for lodgement by 10am on Thursday, 2 April 2020, for Cabinet to consider on Monday, 6 April 2020.

Financial impact of COVID-19 on border and transport agencies

- 1 COVID-19 is having a financial impact on border and transport agencies. A combination of measures, including the closure of the border, has reduced passenger and goods volumes and associated income for a number of agencies. With reduced volume-based revenue, border and transport agencies urgently require cash injections to remain solvent.
- 2 As part of the Aviation Relief Package, Cabinet has suspended all funding reviews across border and transport agencies for 12 months [CVD-20-MIN-0010 refers]. This has also put pressure on agencies, as current fee levels often do not meet related costs.
- 3 This Cabinet paper seeks agreement to establish a liquidity facility for border and transport agencies affected by COVID-19, to draw down cash as needed to continue critical operations and remain solvent during the 2019/20 financial year (Government departments) and for the 2019/20 and 2020/21 financial years (transport sector Crown Entities¹).

¹ For the purposes of this paper, 'transport agencies' does not include Waka Kotahi the NZ Transport Agency.

IN CONFIDENCE

Border and transport agencies are working together

- 4 The New Zealand Customs Service (Customs), Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Transport, Civil Aviation Authority, Aviation Security Service and Maritime New Zealand have jointly drafted this Cabinet paper. These agencies have also been working with their respective Minister's office to ensure that they are comfortable with the Cabinet paper.
- 5 We have worked very closely with the Treasury who supports the substance of the paper. While the financial recommendations in the paper are largely complete, the Treasury may make some final adjustments to these prior to the lodgement of the paper.
- 6 Due to the urgency of this paper, and to ensure that financial decisions are made before the upcoming Budget 2020 "moratorium", it is proposed that it goes directly to Cabinet for the meeting on Monday, 6 April 2020.
- 7 This draft Cabinet paper is provided for you to consult with relevant Ministers, and coalition and support parties. Following consultation, please provide any final amendments to the paper to Customs by 10am on Wednesday, 1 April. We will then provide a final paper for lodgement with the Cabinet Office by 10am Thursday, 2 April 2020.

Proactive release of the Cabinet paper and Minute

- 8 After Cabinet has considered this paper, we propose to proactively release it along with the Cabinet Minute. This will be subject to any appropriate withholding of information that would be justified if the information had been requested under the Official Information Act 1982.

Recommendations

- 9 I recommend that you:
 - 1 **review** the attached draft Cabinet paper seeking agreement to establish a liquidity facility to support border and transport agencies impacted by COVID-19
Agreed/Not Agreed /Please Discuss
 - 2 **consult** with relevant Ministers, and coalition and support parties on the draft Cabinet paper
Agreed/Not Agreed/Please Discuss
 - 3 **provide** any amendments to the paper to Customs by 10am on Wednesday, 1 April
Agreed/Not Agreed/Please Discuss
 - 4 **lodge** the final paper with the Cabinet Office by 10am on Thursday, 2 April 2020
Agreed/Not Agreed/Please Discuss

IN CONFIDENCE

- 5 **approve** the proactive release of the Cabinet paper and Minute with any redactions consistent with the Official Information Act 1982.

Agreed/Not Agreed/Please Discuss

s 9(2)(a) OIA

Michael Papesch
Deputy Chief Executive
Policy Legal and Strategy
For Comptroller of Customs

Minister of Customs

Date

Policy contact:	Michael Papesch Deputy Chief Executive Policy Legal and Strategy	Ph: s 9(2)(a) OIA Mob: s 9(2)(a) OIA
Finance contact:	Sharon May Deputy Chief Executive Finance, Technology and Infrastructure	Ph: s 9(2)(a) OIA Mob: s 9(2)(a) OIA

Minister's feedback on quality of briefing:	1	2	3	4	5
1 = Was not satisfactory 2 = Fell short of my expectations in some respects 3 = Met my expectations 4 = Met and sometimes exceeded my expectations 5 = Greatly exceeded my expectations					