

The Treasury

Budget 2020 Information Release

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- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [37] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [38] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage
- [42] 18(d) - information is already publicly available or will be publicly available soon.

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Date: 6 April 2020

To: Minister of Finance (Hon Grant Robertson)

Deadline: None
(if any)

Aide Memoire 2020: Guidance on COVID-19 Fund

This aide memoire responds to your request of 6 April on providing guidance to Ministers on accessing funding from the COVID-19 Response and Recovery Fund (CRRF). The aide memoires covers:

- a summary of the near-term decision making process for COVID-19 related expenditure;
- key messages for guidance to Ministers; and
- an overview of advice on the COVID-19 Fund.

Summary of the decision making process

The Treasury issued guidance to departments on the process for seeking approval of COVID-19 related expenditure on Monday 30 March. Any funding that is sought from the CRRF will need to meet the following criteria:

- Funding is needed as a direct result of COVID-19;
- Funding is needed outside of the normal budget cycle to support the response and/or recovery from COVID-19; and
- The additional costs cannot be managed from existing baselines.

In the first instance costs should be managed from existing baselines, if funding is required the guidance provides two approaches to seeking funding:

- **Urgent Matters** – this is to be used if expenditure needs be incurred soon and cannot wait to be considered by Cabinet as part of a package on 11 May 2020; and
- **Non-Urgent Matters** – this is to be used if the approval of expenditure can wait and be considered by Cabinet as part of a package on 11 May 2020.

For urgent matters the approach involves the Responsible Minister providing a short Cabinet Paper or Joint Ministers letter following the standard approach. The Cabinet Paper or Joint Ministers letter should set out clearly how the expenditure relates to the COVID-19 response and recovery and why the decision is required urgently.

The process for non-urgent matters cover the following steps:

- The department first obtains agreement from the appropriation or responsible Minister of the need to seek new funding or transfer funding for expenditure relating to COVID-19.
- The department writes to the Secretary to the Treasury outlining the need for additional funding or transfer in funding. The request for new funding should describes how the expenditure aligns to the three criteria of the CRRF.
- The Treasury makes an initial assessment on whether the new funding sought aligns with the criteria of the CRRF and informs the agency if it should progress further.
- The departments provide the Treasury with more detailed submission on their new funding request and transfers in funding (refer annex 1).
- Treasury collates funding requests and provides an initial assessment and recommend funding for approval by the Minister of Finance.
- The Minister of Finance, with support Budget Ministers considers the funding requests and makes recommendations to Cabinet.
- Cabinet considers the funding requests recommended by the Budget Ministers.

Key messages for guidance to Ministers

We understand you want to provide guidance to Ministers on accessing funding from the CRRF. We consider the following some of the key messages worth communicating to Ministers in this guidance:

- In the first instance, Ministers should look to manage COVID-19 related expenditure within existing baselines.
- Any funding requests need to meet the criteria of the CRRF, mentioned above.
- Any funding requests requires consultation across parties and should identify what will not be done because of COVID-19.
- Where possible Ministers should be feeding funding requests into the non-urgent process. This will ensure the funding criteria are met and allow appropriate consideration of trade-offs between funding requests and greater visibility of matters requiring funding.
- To ensure the most appropriate investment of funds Budget Ministers will oversee requests for funding through the CRRF.

- The initial process being run is primarily to ensure that appropriate approve is in place for COVID-19 expenditure that needs to be incurred in the 2019/20 year.
- The CRRF will last beyond the Budget and be available to fund medium-to-longer measures in phase 2 (positioning the economy for recovery) and phase 2 (resetting and revitalising the economy) of the response. It is planned a more structured process in these phases involving Ministerial groups supported by cross-agency officials groups to determine priorities for funding.

Upcoming advice on the COVID-19 Fund

The Treasury are still in the process of fully developing up the decision-making framework for approving COVID-19 related expenditure. The below provides an indication of when we are looking at putting up advice:

Date	Advice
9 April	Treasury Report outlining the broad rules for charging against the fund, the phasing of the unallocated portion of the fund and the approach to reporting actual spend.
14 April	Treasury Report outlining the assessment framework for non-urgent matters.
28 April to 1 May	Advice on material to be considered by Budget Ministers

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ANNEX 1 - Overview of COVID-19 pandemic related funding or initiative

Key Question	Answer
Title of initiative	[Title]
Portfolio of lead Minister	[Name Minister]
Portfolio(s) of other Ministers involved	[Name Ministers or N/A]
Impacted Votes	[List all of the Votes that are impacted by this initiative]
What will this initiative do?	<p>[Please briefly describe the overall intention of this initiative. In particular:</p> <ul style="list-style-type: none"> • What is it purchasing and what will be delivered? • Briefly outline the type of initiative: is it an expansion of an existing service, a regulatory initiative or a completely new investment.]
How does the initiative relate to the COVID-19 Pandemic response and recovery?	<p>[Please provide information on how the initiative is a direct response to the COVID-19 pandemic. In particular covering the following criteria:</p> <ul style="list-style-type: none"> • Funding is needed as a direct result of COVID-19 • Funding is urgently needed to respond to COVID-19 • The additional costs cannot be managed from existing baselines • There are specific risks of not funding it in light of the COVID-19 response and recovery
Please provide a breakdown of the costs of this initiative	<p>[Please cover the following questions:</p> <ul style="list-style-type: none"> • What does the operating and capital funding sought purchase and what are the key cost components? • What key assumptions have been made to determine these costs? • What are the key uncertainties or risks around these costings?
How will this initiative be implemented?	<p>[Please outline (at a practical level) what resources/systems/processes are in place to support successful delivery of this initiative.</p> <p>Please also outline key implementation risks or uncertainties and how these will be mitigated. Are there are prerequisites which need to be completed first before this initiative is completed?]</p>
Why is funding urgently required for this initiative?	<p>[Please identify what the impact of deferring funding decisions until Budget 2021 would be. Does the initiative need to be delivered in the 2019/20 financial year? Are there any specific risks to delaying funding?]</p>
Are there any other options to fund this initiative?	<p>[Please outline any alternative funding options that were considered. In particular:</p> <ul style="list-style-type: none"> • Has reallocating funding from elsewhere within baselines been considered? • Are there any other funds or tagged contingencies that could provide funding?]
Does the initiative result in new FTEs or contractors?	<p>[Please outline new FTEs or contractors from this initiative including information on location of new FTEs and what they will be working on]</p>
Does this initiative overlap with the work of any other departments? If so, how have you worked with those departments to avoid duplication?	<p>[Please identify any similar initiatives across Government that you are aware of. Why is this initiative preferred to other initiatives? How might this initiative and other initiatives work together? Could this initiative be delivered alongside other agencies?]</p>