

The Treasury

Advice on COVID-19 Response Information Release

December 2021

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Cabinet Document Details

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Date: **13 September 2021**

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Cabinet

Minute of Decision

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Replenishing the COVID-19 Response and Recovery Fund

Portfolio **Finance**

On 13 September 2021, Cabinet:

Background

- 1 **noted** that the COVID-19 Response and Recovery Fund (CRRF) was originally established through Budget 2020 as a \$50 billion fiscal management tool to support New Zealand's response and recovery from COVID-19;

- 2 **noted** that on 30 August 2021, Cabinet:
 - 2.1 noted that the Minister of Finance has requested further advice from the Treasury on whether the CRRF should be replenished;

 - 2.2 noted that the Minister of Finance considers that the government should significantly tighten the focus of the CRRF towards meeting the needs of the direct response to COVID-19;

 - 2.3 agreed to revise the purpose of the CRRF to 'meeting the direct costs of responding to any COVID-19 resurgences over the next year';

 - 2.4 agreed to refine the criteria for accessing the CRRF so it is limited to the following areas only:
 - 2.4.1 core economic response measures to deal with a resurgence, including the Wage Subsidy Scheme (WSS), Resurgence Support Payment (RSP), Short-term Absence Payment, and Leave Support Scheme;

 - 2.4.2 targeted policy responses to the immediate impacts of resurgence-related restrictions on particular demographic groups;

 - 2.4.3 urgent cost pressures that government agencies are facing as part of responding to a COVID-19 resurgence (with a focus on key response agencies); and

 - 2.4.4 essential public health measures that reduce the risk of resurgences;

[CAB-21-MIN-0349]

Future funding needs

- 3 **noted** that, as at 9 September 2021, the current unallocated balance of the CRRF was just under \$1.8 billion;
- 4 **noted** that there is \$3 billion of previously allocated but unspent and available funds;
- 5 **noted** that further funding is likely to be sought from the CRRF for core economic support schemes;
- 6 [33]

Replenishing the CRRF

- 7 **agreed** to increase the amount of funding available in the CRRF by an additional \$10 billion;
- 8 **agreed** that the additional \$10 billion comprise:
- 8.1 \$3 billion of previously allocated funding from the CRRF, which is now unlikely to be used and is being returned to the CRRF;
- 8.2 \$7 billion of new funding, which will be added to the overall level of the CRRF;
- 9 **noted** that the decisions in paragraphs 7 and 8 above mean that the overall level of the CRRF will increase to \$57 billion;
- 10 **noted** that the Minister of Finance will reconsider the CRRF balance (including any need for a further top-up) as part of the Half Year Economic and Fiscal Update 2021 and the Budget Policy Statement 2022 process.

Michael Webster
Secretary of the Cabinet