



## COVERSHEET

<b>Minister</b>	Hon Kris Faafoi	<b>Portfolio</b>	Commerce & Consumer Affairs
<b>Title of Cabinet paper</b>	Support for travel businesses to recover New Zealand consumer funds	<b>Date to be published</b>	19 October 2020

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
September 2020	<i>Support for travel businesses to recover New Zealand consumer funds</i>	<i>Office of the Minister of Commerce &amp; Consumer Affairs</i>
7 September 2020	<i>CAB-20-MIN-0437 Revised</i>	<i>Cabinet Office</i>

### Information redacted

**NO**

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# Cabinet

## Minute of Decision

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### Support for Travel Businesses to Recover New Zealand Consumer Funds

Portfolio                      Commerce and Consumer Affairs

On 7 September 2020, Cabinet:

- 1        **noted** that travel agents are working to recover an estimated \$690 million in refunds and credits owed to New Zealand consumers;
- 2        **noted** that a significant portion of these outstanding consumer funds are unlikely to be recovered in the absence of support from a travel business, and that these businesses are currently under severe financial stress that puts consumer access to these funds at risk;
- 3        **agreed** to establish a COVID-19 consumer travel refund scheme that pays travel businesses 7.5 percent of refunds paid to consumers and 5 percent of credits confirmed or rebooked for the benefit of consumers;
- 4        **authorised** the Minister of Finance and the Minister of Commerce and Consumer Affairs to make additional decisions around the design and implementation of the scheme, including:
  - 4.1      the final definitions of the refunds and credits that are eligible for a payment under the scheme, including the start date from which those refunds and credits become eligible for payment;
  - 4.2      systems for accepting and verifying claims under the scheme and the audit process;
  - 4.3      the form of the agreements between government and travel businesses;

**Financial implications**

5 **agreed** to establish the following new appropriation(s):

Vote	Appropriation Minister	Title	Type	Scope
Business, Science and Innovation	Minister of Commerce and Consumer Affairs	COVID-19 consumer travel reimbursement scheme	Non-Departmental Output Expense	This appropriation is limited to providing grant assistance and incentive payments for travel businesses to secure consumer refunds and credits for travel services booked prior to 31 August 2020 that were not able to be taken up by consumers due to the impacts of COVID-19.
Business, Science and Innovation	Minister of Commerce and Consumer Affairs	Administration of the COVID-19 consumer travel reimbursement scheme	Departmental Output Expense	This appropriation is limited to administration and ancillary services related to the COVID-19 consumer travel reimbursement scheme.

6 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 3 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Business, Science and Innovation Minister of Commerce and Consumer Affairs	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Non-departmental Output Expense: COVID-19 Consumer Travel Reimbursement Scheme	47.200	-	-	-	-
Departmental Output Expense Administration of the COVID-19 consumer travel reimbursement scheme (funded by Revenue Crown)	0.415	-	-	-	-
<b>Total</b>	<b>47.615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

7 **agreed** that the changes to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

8 **agreed** that the expenses incurred in paragraph 6 above be charged against the COVID-19 Response and Recovery Fund established as part of Budget 2020;

- 9 **authorised** the Minister of Finance and the Minister of Commerce and Consumer Affairs to:
- 9.1 adjust the scope of the appropriation as necessary to address issues that arise in the further detailed design of the scheme;
  - 9.2 transfer any unspent funding into subsequent financial years.

Michael Webster  
Secretary of the Cabinet