

The Treasury

Oral Item: Draft Economic Response Framework: Phases of the Economic Response to COVID-19 Information Release

June 2020

This document has been proactively released by the Treasury on the Treasury website at <https://treasury.govt.nz/publications/information-release/oral-item-draft-economic-response-framework-phases-economic-response-covid-19-information-release>

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

[33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

[39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [33] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to information@treasury.govt.nz.

Stocktake of economic response measures (agreed and under development)

Notes:

- Bolding indicates initiatives have been agreed.
- Initiatives are listed by the portfolio of the most senior minister. The table includes ministerially-driven work and agency-driven work.
- Note the final column is not comprehensive. The Officials' Priority Committee (OPC), supported by a central-agency co-ordination group, is putting together a governance structure for the medium-long term work to complement existing AOG arrangements for urgent response work. As a first step OPC has commissioned a comprehensive stocktake of work underway or planned across agencies, which is now underway. OPC will report to the Prime Minister and Cabinet on this in due course.

Portfolio	Short to medium-term measures to cushion the economic impact and prevent a financial crisis during potential repeated containment phases 0-6 months (at least)			Medium to long-term measures	
	Focused on households to: <ul style="list-style-type: none"> • Support incomes • Maintain labour market attachment • Avoid feedback loop from household debt default • Support self-isolation 	Focused on firms to: <ul style="list-style-type: none"> • Maintain tangible and intangible assets to enable swift and effective recovery; particular focus on cash-flow issues 	Focused on systems to: <ul style="list-style-type: none"> • Maintain critical infrastructure/supply of essentials through control period • Avoid feedback loop from mortgage defaults, rent-related hardship or scarring wealth effects • Minimise market dislocation and maintain financial stability 	to kick-start the economy Measures to roll out post-containment to stimulate recovery and regrowth of economy activity Probably Sept 2020 onward (or later if containment is prolonged)	to reset the economic strategy Long-term recovery and rebuild 2021 onward
All-of-Government policy process led by NCMC	Advice on a more managed economy				
	Advice on how to move between levels, and how to tweak them				
	Data intelligence to support decision-making on alert levels				
Tourism	Tourism support package (MBIE) <i>Links: wage subsidy, Business Finance Guarantee Scheme, insolvency work</i>				
Crown-Māori Relations: Te Arawhiti/Māori Development/ Associate Health & Whānau Ora/ Employment	Support package for Māori communities, covering health, Whānau Ora, community and business support elements (TPK) <i>Links: wage subsidy, income adequacy, Business Finance Guarantee Scheme</i>			Work programme on the recovery/post COVID phases specific to the Māori economy (businesses and employment) (TPK, MBIE, Tsy)	
	He Poutama Rangatahi redeployment to support community and health providers (MBIE, TPK)			[33]	
Finance	Consumer credit issues (Tsy, MBIE, RBNZ) <i>Links: income adequacy, Business Finance Guarantee</i>	Business Finance Guarantee Scheme (Tsy, RBNZ) <i>Links: firm-related work generally, essential services</i>		Work includes advice on measures to stimulate recovery and on resetting the economic strategy (Tsy, MBIE, Prod Comm, DPMC)	
	Budget 2020				
	Air NZ debt funding agreement				
	Support for SMEs to cover their non-labour operating costs (Tsy, MBIE, IR, MSD) <i>Links: SME support, options to support small business, commercial property rent relief, Business Finance Guarantee Scheme, insolvency and directorship options</i>				
Commercial property rent relief (TSY, MBIE)					

Portfolio	Short to medium-term measures to cushion the economic impact and prevent a financial crisis during potential repeated containment phases 0-6 months (at least)		Medium to long-term measures
		<i>Links: Support for SMEs to cover their non-labour operating costs; options to support small business; Business Finance Guarantee Scheme; wage subsidy</i>	
		[33]	
	[33]		
		Reserve Bank and the Treasury to work together to coordinate monetary and fiscal policy, and to manage the fiscal risks associated with AMP tools	Options to reduce the constraints on monetary policy Tsy, RBNZ)
		Overseas investment legislation changes to support NZ firm access to financing, new transaction review powers given declining firm values, and progress already agreed reform (AMOF lead; Tsy) <i>Links: economically significant firms, wage subsidy</i>	
Finance/ Social Development	Wage subsidy scheme		
Finance/Social Development/ Workplace Relations	Essential service worker leave scheme		
	[33]		
Finance/Social Development/ Revenue	[33]		
Economic Development		Regional Business Partner Programme (MBIE, MSD, NZTE) <i>Links: wage subsidy, Business Finance Guarantee Scheme, training responses</i>	Essential services (MBIE, MPI, Health, MOT, Tsy) <i>Links: touches all work programmes</i>
		Supporting business continuity – Export Business Continuity Service, and Cashflow Clinics for exporters (NZTE) <i>Links: Regional Business Partner Programme</i>	
Economic Development/Trade & Export Growth		Freight - Immediate export requirements (NZTE) - <i>Link: Aviation sector relief package</i>	
Economic Development/ Infrastructure			Industry leaders to advise on shovel-ready infrastructure projects
Economic Development/ Forestry/ Regional Economic	Worker redeployment package (including Tairāwhiti support) (MBIE) <i>Links: wage subsidy, training responses, income</i>		

Portfolio	Short to medium-term measures to cushion the economic impact and prevent a financial crisis during potential repeated containment phases 0-6 months (at least)			Medium to long-term measures
Development/ Employment	<i>adequacy</i>			
Transport	Repatriation of stranded people (MOT, MFAT) <i>Links: income adequacy, wage subsidy, limits on rental terminations</i>	Short Term Aviation Relief Package, Air Cargo Programme (Financial support to airlines; freight connections support) (MoT) <i>Links: essential services, significant entities; infrastructure</i>	Critical Goods and Supply Chain work programme under SCI (MOT, MBIE, MPI, MFAT, Customs, Tsy) Air Cargo Programme <i>Links: Aviation Relief Package, essential services, infrastructure</i>	Advice (as above) on shovel-ready transport infrastructure projects
		Hibernation Phase for Aviation and what support should be provided to system MOT, Tsy) <i>Links: Aviation Relief Package, essential services, infrastructure</i>	Essential services (see above)	Assess and advise on how the Government Policy Statement on land transport and the Rail Plan could be changed to support economic recovery (beyond the kick-start), including advice on funding and revenue needs of the transport system. Underpinned by monitoring of impacts and modelling recovery scenarios
		Waka Kotahi NZ Transport advancing contractual payments to major contractors (MoT, Tsy) <i>Links: infrastructure</i>		
		Identifying transport and supply chain requirements (air travel and Cook Strait) at each alert level (MOT) <i>Links: essential services, significant entities; infrastructure</i>		Specific work programmes on transport modes most affected by Covid-19, including: <ul style="list-style-type: none"> Aviation sector recovery work programme (MOT) Public transport recovery (potentially) freight system
Housing	Rent rise freeze (HUD) <i>Links: income adequacy, wage subsidy, limits on rental terminations</i>		[33]	[33]
	Limits to rental terminations (HUD) <i>Links: income adequacy, wage subsidy, rent rise freeze</i>		[33]	
	Mortgage holiday scheme <i>Links: income adequacy</i> [33]			
Housing/Building and Construction			[33]	
			Expanding transitional and public housing (HUD) <i>Links: infrastructure work programmes, income adequacy</i>	

Portfolio	Short to medium-term measures to cushion the economic impact and prevent a financial crisis during potential repeated containment phases 0-6 months (at least)			Medium to long-term measures
Research, Science and Innovation		Support for research and development-performing firms and Crown Research Institutes (MBIE, Tsy)		Supporting R&D and innovation
Education	Training response options (MoE) <i>Links: worker redeployment; Rapid Response</i>	Payment of contracted and funded education services (MoE, Treasury)	Providing students with remote access to online digital resources (MoE)	[33]
	[33]		Facilitation of online/distance training and tertiary education (MoE)	
	Childcare for essential services (MoE) <i>Links: leave for essential service workers; essential service workers; training; income adequacy</i>			
	Options for digital initiatives (MoE)			
Social Development	Income support package, including increases to main benefits and doubling the 2020 Winter Energy Payment, removing hours worked test from in-work tax credit (MSD, IR, Tsy) <i>Links: income adequacy, wage subsidy, tax work, rent freeze and rental termination limitations</i>		Operational measures to manage demand impacts on MSD's operating model	
	Funding to support essential social sector services <i>Links: income support package, income adequacy</i>			
	Rapid Response Labour Market Teams (MSD) <i>Links: worker redeployment, training responses, income adequacy</i>			
	Assistance for New Zealanders stranded overseas (MSD, MFAT)			
	Plan for managing foreign nationals stranded in New Zealand (MSD, MFAT) <i>Links: repatriation flights</i>			
Primary Industries	Primary industries retraining and redeployment options	Amended regulations to allow rock lobster fishers to defer catch into next fishing year (MPI)	Essential services for food production and export (MPI)	
		Registration and verification for primary industries operating as essential services (MPI)		
Environment			Fast-tracking RMA consenting reform (MfE) <i>Links: infrastructure work programmes</i>	
Local Government			Council borrowing capacity (DIA, Tsy)	Longer term council recovery needs
			Ensuring councils can deliver essential services (DIA)	

Portfolio	Short to medium-term measures to cushion the economic impact and prevent a financial crisis during potential repeated containment phases 0-6 months (at least)		Medium to long-term measures
Revenue	Enabling continued payment of in-work tax credits despite income drops during Alert Level 4 (IR, Tsy) <i>Links: income support package, income adequacy</i>	Business tax changes to free up cashflow, including provisional tax threshold lift, reinstatement of building depreciation, writing off interest on late tax payments, and bringing forward broader R&D refundability	Stimulus options (IR, Tsy)
		Options to support small businesses (MBIE, IR) <i>Links: support for SMEs to cover their non-labour operating costs; [33]</i> <i>Business Finance Guarantee Scheme; wage subsidy</i>	
		Options to allow firms greater access to losses (IR) <i>Links: options to support small business, SME support, commercial property rent relief, Business Finance Guarantee Scheme, economically significant businesses, insolvency policy</i>	
Commerce and Consumer Affairs		Insolvency and directorship policy to support businesses that are viable in long term (MBIE) <i>Links: SME support, options to support small business, commercial property rent relief, Business Finance Guarantee Scheme, economically significant businesses</i>	
Forestry		[33]	