

Reference: 20220009

25 February 2022

Dear [REDACTED]

Thank you for your Official Information Act request, received on 5 January 2022. You requested the following:

... any advice Treasury has provided to Ministers since 1 January 2021 on the impact of the Government's fiscal policies on inflation.

On 3 February 2022, Treasury decided to extend the time to respond to this request by 10 working days to allow for consultation.

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	17 September 2021	Treasury Report T2021/2338: COVID economic strategy - update	Release in part
2.	22 October 2021	Excerpts from Treasury Report T2021/2424: Fiscal Strategy for the Budget Policy Statement	Release in part
3.	3 December 2021	Excerpts from Treasury Report T2021/3007: COVID economic support for localised lockdowns over the holiday period	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- section 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,
- section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

The documents captured by your request also contained information that is outside the scope of your specific request. This information has been removed from the attached binder.

Publicly available information

The following information is also covered by your request and will soon be publicly available on the Treasury website:

Item	Date	Document Description	Website Address
4.	15 October 2021	Treasury Report T2021/2525: HYEPU 2021 Preliminary Economic and Tax Forecasts	https://www.treasury.govt.nz/publications/other-official-information/responses-official-information-act-requests

Accordingly, I have refused your request for the documents listed in the table above under section 18(d) of the Official Information Act:

- the information requested is or will soon be publicly available.

Some relevant information has been removed from the document listed in the table above and should continue to be withheld under the Official Information Act, on the grounds described in the document.

Information to be withheld

There are two additional documents covered by your request that I have decided to withhold in full under the following sections of the Official Information Act, as applicable:

- section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials.

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and the enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Renee Philip
Manager, Macroeconomic and Fiscal Policy

TOIA 20220009

Table Of Contents

1.	<u>Treasury Report T2021/2338: COVID economic strategy - update</u>	1
2.	<u>Excerpt from Treasury Report T2021/2424: Fiscal Strategy for the Budget Policy Statement</u>	18
3.	<u>Excerpt from Treasury Report T2021/3007: COVID economic support for localised lockdowns over the holiday period</u>	19



Treasury Report: COVID economic strategy - update

Date:	17 September 2021	Report No:	T2021/2338
		File Number:	SH-1-6-1-3-3

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Discuss with the Treasury at the next Weekly Agency Meeting Provide feedback on any further advice you would like	Monday 20 September 2021

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Ken Tsang	Analyst, Economic Policy	s9(2)(k)	n/a (mob) ✓
Alastair Cameron	Manager, Economic Policy, Economic Policy	n/a (wk)	s9(2)(g)(ii)

Minister's Office actions (if required)

Return the signed report to Treasury.
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Note any feedback on the quality of the report

Enclosure: Yes (Annex)

Treasury Report: COVID economic strategy - update

Executive Summary

The primary objectives of economic support should continue to be supporting the public health response and reducing economic and social disruption from the outbreak. Overall, we consider current economic support settings remain appropriate to achieve these objectives for the next six weeks.

The economic outlook and appropriate macroeconomic response will be determined by the duration and severity of the outbreak and associated Alert Level restrictions, and the subsequent impact on consumer and business confidence. The Treasury will continue to monitor high frequency data and provide ongoing advice on policy options.

At this stage, we see no need for additional fiscal support (beyond the Wage Subsidy Scheme and Resurgence Support Payment) to stimulate the economic recovery post-lockdown, nor do we see any strong macroeconomic or fiscal reasons for reducing the current level of fiscal support.


Additional restrictions under Alert Level 2 are estimated to reduce activity by \$10 million per week (0.2% of GDP). While small at an aggregate level, losses will likely be concentrated in the hospitality and events industries. Given further instalments of the RSP, we consider current support sufficient under Alert Level 2 settings to manage the current pressures.

As community vaccination rates increase, there will be more options for managing COVID-19. In broad terms, the option-set will grow from a reliance on lockdowns to include broad surveillance testing programmes, a range of possible permanent 'baseline' health restrictions, a risk-based relaxation of border restrictions, and more targeted lockdowns.

These options give rise to different economic and fiscal impacts related to choices around the level of investment in testing, tracing and health system capacity; the future role of MIQ capacity; the volume and risk-mix of international arrivals; and specific design of any 'baseline' health measures.

While supporting the public health response will remain a critical objective of economic supports, the Government may also need to give further consideration to its role in supporting a transition to a more COVID-resilient economy. Key factors to consider will include:

s9(2)(f)(iv)



Recommended Action

We recommend that you:

- a **note** you will receive an update on the Treasury's 2021 half year economic forecasts in the week commencing 4 October
- b **note** our advice that the current economic support measures in place are sufficient for the next six weeks, and that no further support is needed in response to recent changes to Alert Level 2 rules
- c **note** that the Treasury and the Ministry for Social Development will provide further advice on additional options to support low-income households support
- d s9(2)(f)(iv)
- e **note** that Treasury officials will support MBIE-led advice to explore opportunities to support the hospitality and events sector, including options to support the mental health of small business owners affected by the ongoing lockdown
- f **note** that once the vaccination rate is high enough and the Government is able to rely less on lockdowns to manage domestic outbreaks, the Treasury's advice is that supporting the public health approach and supporting a transition towards a COVID-resilient should become the primary objectives of COVID economic support
- g s9(2)(f)(iv)
- h **indicate** any other short-term or long-term issues you would like further advice on.

Alastair Cameron
Manager, Economic Policy

Hon Grant Robertson
Minister of Finance

Treasury Report: COVID economic strategy - update

Purpose of report

1. This report:
 - a updates you on the macroeconomic and fiscal context;
 - b provides an update on how well economic measures are continuing to meet your COVID support objectives during the current outbreak; and
 - c seeks your feedback on the direction of travel for the long-term COVID economic strategy as vaccination rates increase over the next 3-12 months.
2. We are seeking your comments at the Weekly Agency Meeting on Monday 20 September.

Objectives of COVID economic support

We are broadly tracking against the COVID support objectives set out in previous advice

3. We consider the overall objectives of supporting the public health response and reducing the social and economic disruption of outbreaks, as well as the tools supporting these objectives (eg Wage Subsidy Scheme [WSS], Resurgence Support Payment [RSP]), remain appropriate for the next 6 weeks.
4. With Alert Levels starting to fall, the impact of the current outbreak is likely to be more transitory. However, risks remain around Auckland given its importance to the rest of the economy, and a further Alert Level escalation would have longer-lasting impacts.
5. Evolving public health issues have presented some new challenges (eg new gathering restrictions at Alert Level 2). Economic support measures announced to date are helping to support confidence in the ability of the economy to recover, although concerns about the new operating environment post lockdown is impacting resilience in some areas (eg Pacific businesses).
6. The largest COVID impact for many businesses remains the border closure and its impact on labour supply and other supply-chain issues.

Macroeconomic and fiscal context

Prior to the move to Alert Level 4, the New Zealand economy had been performing more strongly than forecast at the 2021 Budget Update

7. As set out in our previous COVID economic strategy advice [T2021/2190], prior to the move to Alert Level 4, the New Zealand economy had been performing more strongly than forecast at the 2021 Budget Update. June quarter GDP growth of 2.8% was significantly above both the Treasury forecast (0.8%) and market expectations (1.1%). Strength was broad-based across sectors, with 13 of the 16 industries experiencing increases in activity. Tourism-exposed industries led growth, boosted by the trans-Tasman bubble.
8. Supply constraints had emerged as the biggest challenge to economic growth in the short-term, with a tight labour market and an increasing number of firms reporting difficulty in finding labour. Significant broad-based cost pressures were emerging, and these flowed through into higher CPI inflation as well as increases in expected inflation.

9. We expect capacity pressures, skills shortages and inflationary pressures to remain after Alert Level restrictions ease. Existing supply side constraints will have been exacerbated by higher Alert Levels. Inflationary pressures and the likely monetary policy response will be influenced by the level of fiscal support provided during and after the current lockdown.

Evidence to date suggests demand has held up better than in previous lockdowns, but supply-side constraints have been exacerbated by regional boundaries

10. On the demand side, electronic card spending data shows that spending during this most recent Alert Level 4 lockdown was around 40% down on pre-COVID levels compared to the March/April 2020 Level 4 period reduction of around 60%.
11. On the supply side, Auckland operating at a higher Alert Level than the rest of New Zealand has contributed to additional loss of activity outside of Auckland. Some business contacts have raised concern about the availability of Auckland-sourced inputs as a constraint to their own activity. However, some businesses outside of Auckland may operate at higher capacity than otherwise, which could partially offset any anticipated lost activity.
12. The size of these impacts is uncertain and likely varies across firms and sectors. On balance, we estimate that the loss of activity in areas outside of Auckland will be in excess of our standard assumptions by around \$15 million - \$50 million per week.

The economic outlook will be heavily influenced by the amount of time spent at higher Alert Levels

13. The shorter the time spent at higher Alert Levels, the more likely it is that activity will be deferred rather than lost. Conversely, the longer the period spent at higher Alert Levels (or the more often Alert Level restrictions are imposed) the more likely it is that longer-term losses in potential economic output will occur. This will influence the size of the transitory spike in demand driven by deferred consumption and lockdown-induced savings.
14. We will provide you with an overview of the preliminary 2021 half year economic forecasts in the week beginning 4 October. This update will include pathways for the economic outlook based on different durations of higher Alert Levels and assumptions regarding the subsequent recovery.
15. Based on the experience of the first national lockdown early last year, of a similar duration to date, we would expect economic activity to recover to pre-lockdown levels in the December 2021 quarter. However, if Auckland stays at higher Alert Levels for a longer period, the recovery is likely to be pushed out further. The overall impact is expected to be lower than last year's June quarter lockdown given that the rest of the country continues to operate at lower Alert Levels.

Increasing restrictions at Alert Levels imposes additional economic losses

16. The new restrictions for Alert Level 2 in response to the Delta variant is estimated to result in an additional loss in economic activity of around \$10 million per week (0.2% of GDP) relative to being in the "old" Alert Level 2. These losses are concentrated in industries including hospitality, events, arts and recreation who are most impacted by the reduced cap on the number of people allowed in indoor venues (down from 100 to 50).
17. Our estimates of Alert Level impacts are direct impacts, rather than dynamic impacts (e.g. activity that is deferred rather than lost). While we base our estimates on what happened during previous lockdowns, household and business responses to each lockdown is likely to change as they adapt and respond to uncertainty. The stronger starting point for the economic outlook pre-lockdown and resilience shown from higher frequency data suggest a reasonably robust recovery, but the uncertainty around the length of lockdown restrictions means we cannot provide clear estimates of the path ahead at this time.

Based on what we have seen since the start of lockdown, the current fiscal approach remains appropriate

18. Based on what we have seen to date, we still see no need for additional fiscal support (beyond the WSS and RSP) to stimulate the economic recovery at this stage.
19. Similarly, we do not consider that there are strong macroeconomic or fiscal reasons for reducing the current level of fiscal support, given the benefits of maintaining certainty for businesses and individuals and minimising hardship:
 - a Debt levels remain prudent and the deficit is expected to fall across the forecast period. Stronger than forecast fiscal outturns since Budget 2021 will also offset much, if not all, of the deterioration in the fiscal position arising from this outbreak (T2021/2190 refers). Absent a substantial worsening of the outbreak then the fiscal position at HYEUFU is unlikely to be significantly different than forecast at BEFU.
 - b Second, support is broadly proportionate to the size of the economic shock, which limits the risk that fiscal support significantly contributes to inflationary pressures. Our early assessment is that the inflationary impacts of the support measures currently in place are broadly sufficient to offset the disinflationary impact of the lockdown. That is, the lockdown combined with the fiscal support measures has neither increased nor decreased our early assessment of inflationary pressure or our assessment of likely monetary tightening.
20. As inflationary pressures build, it is likely that the Reserve Bank will lift interest rates. However, interest rates are starting from a very low base and are likely to remain low by historical standards. Fiscal spending over and above the support measures already announced would likely hasten or extend the expected monetary tightening, while a reduction in fiscal expenditure would delay or ameliorate the degree of tightening.

Given the uncertainty of the situation, the appropriate macroeconomic response will need to be kept under review

21. The appropriate macroeconomic response will be determined by the duration and severity of the outbreak and associated Alert Level restrictions, and the subsequent impact on consumer and business confidence. The Treasury will continue to monitor high frequency data and provide ongoing advice on policy options.
22. In pessimistic outbreak scenarios it is possible, absent additional fiscal support, that business failures increase as firms run down any buffers they had. This risks a slower economic recovery and more significant long-term scarring, and further fiscal support would likely be warranted to limit such impacts and any subsequent supply side contraction.
23. We would provide advice on options for further macroeconomic support if businesses failures increased. In this situation it would still be important to get the right mix of supply-side and demand-side support.
24. Alternatively, a quick return to lower Alert Levels and inflationary trends that were emerging pre-lockdown may warrant a reconsideration of the overall fiscal stance. That is, tightening fiscal policy to ease pressure on monetary policy. However, any decision would depend on the overall costs and benefits of different levels of spending as well as the macroeconomic implications. We therefore recommend that in this situation the macroeconomic strategy is considered through the Budget 2022 process, while also factoring in how the economy adjusts in the medium- to long-term as New Zealand's border restrictions are eased.

Supply-side response

At this time, we do not believe further labour market interventions specifically designed to address the escalated Alert Levels are necessary

25. Border closures continue to impact labour supply shortages regardless of Alert Level restriction and separate work is already underway to understand and address the acute labour supply issues given the ongoing border constraints. In addition, the Government has undertaken significant investment in labour market supports such as the Apprenticeship Boost and Flexi-wage, which will support employment retention, employment growth and skills development. The WSS will also continue to support labour attachment during higher Alert Levels.

26. s9(2)(f)(iv)

Officials are preparing options for Ministers to address supply chain pressures and we continue to work with industry to address immediate constraints

27. Global shipping and supply chain congestion have not improved and are likely to last for the next 12 to 18 months and the recent Alert Level 4 restrictions have further impacted supply chains. The Interagency Group on Supply Chain Disruptions reports that with New Zealand outside of Auckland operating at Alert Level 2, export supply chains are reportedly recovering well.
28. Given the global scale, complexity and market-led nature of supply chains, Government's ability to intervene effectively has been limited.
29. Officials have largely focussed on smoothing regulatory hurdles, facilitating industry collaboration, providing information and advice, and addressing specific areas of disruption.
30. Agencies will continue to work with industry and the freight sector on any impacts as they arise, and we will keep you informed about an upcoming Ministry of Transport paper discussing options for Government intervention to address supply chain issues.

The economic support strategy is appropriate for the near-term

Current economic support measures are appropriate for the next six weeks

31. The primary objective of economic support should continue to be supporting the public health response and reducing the economic and social disruption caused by the outbreak. Overall, we consider that current support settings are appropriate for achieving these objectives for the next six weeks while the RSP and WSS remain in place, and as long as Alert Levels continue to fall in a timely manner.
32. Overall business confidence has remained broadly strong and firms continue to expect a rebound in activity. However, the impact of restrictions remains uneven across groups, sector, and location. Evolving public health issues (including new gathering restrictions at Alert Levels 1 and 2) may impact some groups more than others.²

s9(2)(f)(iv)

² Most sectors of concern were in a more robust position going into this outbreak (T2021/2218 refers).

Further support and policy changes to support individuals have been implemented during the current outbreak...

33. Since our last update, further support for individuals rolled out during the current outbreak has included additional non-business support and policy changes for:³
- a **Students:** More support through the Hardship Fund for Learners (\$20 million), and by extending student loan living cost payment for students on study break.
 - b **Vulnerable groups:** with funding to Whānau Ora (\$23 million) to support testing, vaccination, and self-isolation; funding to MSD (\$18.7 million) to meet increased community need for food and other essential items; and funding to Vote Women (\$2 million) for community support for women and girls impacted by COVID.
 - c **Residential tenancies:** to amend the Residential Tenancies Act (RTA) to restrict tenancy terminations under any move to Alert Level 4.

...and uptake of business-related measures like the RSP and WSS has been strong

34. More support to businesses with wage and non-wage ongoing costs has been provided through the WSS and RSP. Work to amend the Property Law Act 2007 to insert an implied clause in commercial leases requiring a rent reduction in emergency situations is also underway.
35. Both the RSP and WSS have worked well to reduce the burden for businesses and individuals in following public health restrictions and scheme uptake has been strong.
- a Demand for the RSPAUG21 have been in line with expectation, with \$563 million (185,000 grants) disbursed as of 16 September, with the final cost of the first payment expected to be approximately \$700 million.
 - b Demand for the WSSAUG21 has been strong, but lower than the original March 2020 scheme.⁴ We estimate the first payment will total \$1.35 billion and the second payment may total between \$850 million to \$1 billion.⁵
36. Firms have been able to apply for more grant support relative to the March 2020 lockdown, and additional payments are planned. We estimate that over 6 weeks at Alert Level 3/4 last year, an eligible business with 10 full-time employees would have received up to \$35,000 in support, whereas we expect this to be up to \$47,000 during this outbreak.⁶

Current support remains appropriate and will continue to reduce the burden of public health restrictions...

37. The RSP and the WSS will continue to provide support with the burden of public health restrictions. A second instalment of the RSP is opening on 17 September, and further rounds have been announced for 8 and 29 October. A third payment of the WSS will also open on 17 September. We expect the uptake of future payments to be lower, but we consider them sufficient for the time being.⁷

³ Further detail on the current state-of-play of specific policy areas is provided in Annex 1.

⁴ The March 2020 subsidy covered 1.63 million jobs. The first payment of the August 2021 subsidy covered 1.20 million jobs. T2021/2318 provides more detail of take-up and finalised costings for the third payment in accompanying advice.

⁵ This includes approved and pending applications. Applications for the second payment close at 11.59pm on 16 September.

⁶ This is the maximum possible support where all employees are full time and the business is eligible for every payment. Note that the March 2020 WSS was paid in a 12-week lump sum. Therefore, in terms of cashflow a given business could have received more within the first 6 weeks of the March 2020 outbreak than they have for the current outbreak.

⁷ We estimate the second, third, and fourth rounds of the RSP will cost \$430 million, \$100-200 million, and \$40-120 million respectively. If Auckland is at AL4 for at least 8 days of the revenue period, and the rest of NZ is at AL2, we estimate the WSS will cost \$550-900 million [T2021/2318 refers]. Actual uptake will depend primarily on the evolution of Alert Level settings.

38. The extension of the RSP should also assist those businesses disproportionately impacted by additional restrictions imposed at Alert Level 2.
39. Continued public communication remains important to ensure support reaches the groups most in need. This includes continued engagement with Māori and Pacific networks to highlight the availability of these schemes and ensure that all those eligible can access them.

...and further advice is coming on options for additional support if needed


40. s9(2)(f)(iv) [Redacted]
41. The Treasury will soon provide further joint advice with MSD on targeted income support options to support low-income households [T2021/2355 refers]. This includes options to more quickly implement a temporary increase to hardship assistance income limits, and options to provide more support via the NGO sector.
42. We understand that you have commissioned Ministers Nash and Clark to undertake further work to explore opportunities to support the hospitality and events sector, and that you have asked Minister Little to consider what mental health support could be made available to small business owners. We understand the trading banks have support schemes for existing customers, and business advisory support provided through the Regional Business Partners (RBP) network was met with strong demand last year, resulting in further funding to expand the service. While demand during the current outbreak is not as strong as last year, there has been increased demand from existing RBP businesses.⁸ Treasury officials will raise these options with colleagues in MBIE and MOH to ensure they are considered as part of their ongoing work.
43. s9(2)(f)(iv) [Redacted] Note that operational constraints at MSD will significantly limit the ability to target support to need, extending the WSS creates a precedent that risks fiscal management for future support, and unexpected rule changes will create unavoidable equity issues.

44. s9(2)(f)(iv) [Redacted]


The risk of reescalation in Alert Levels means a flexible approach is needed

45. There remains a risk that reescalated and/or substantially longer Alert Levels are needed to control a subsequent outbreak over the next three months. At this stage we consider the current set of COVID economic supports to be broadly appropriate for such a scenario.
46. Further consideration may need to be given to how to support the most vulnerable communities through a more protracted period of hardship, particularly given the potential for long-term scarring in the labour market. Continued monitoring and flexibility will be important to ensure the response remains appropriate.

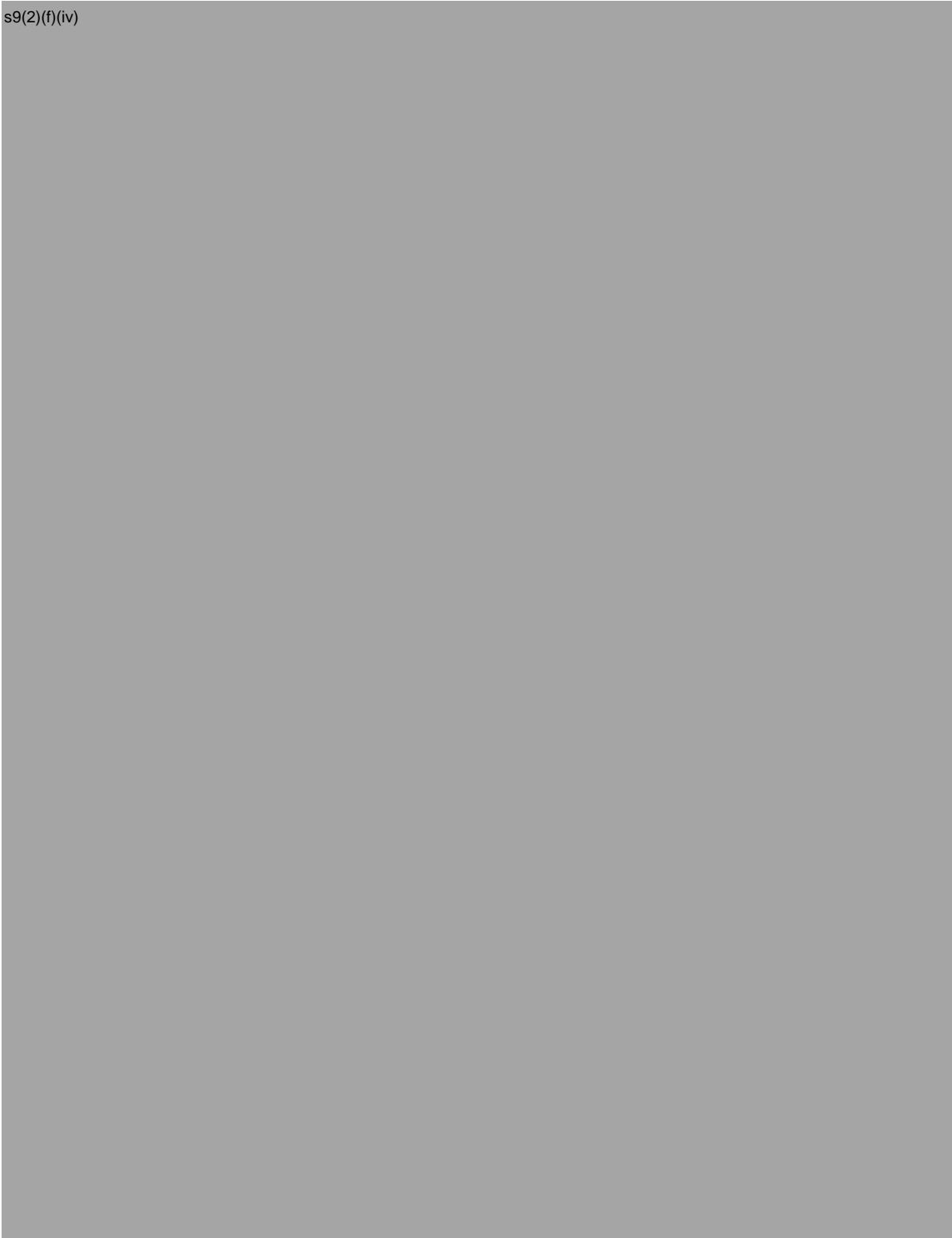
⁸ This is also not a direct comparison as services have since scaled back as increases in funding have expired.
T2021/2338 COVID economic strategy - update

47. Any additional support over the next three months should consider the transition to the new normal and is an opportunity to signal what economic support may look like in the future. In particular, support should start to be targeted to firms that can adapt to a new operating environment with ongoing public health restrictions. s9(2)(f)(iv)
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s9(2)(f)(iv)

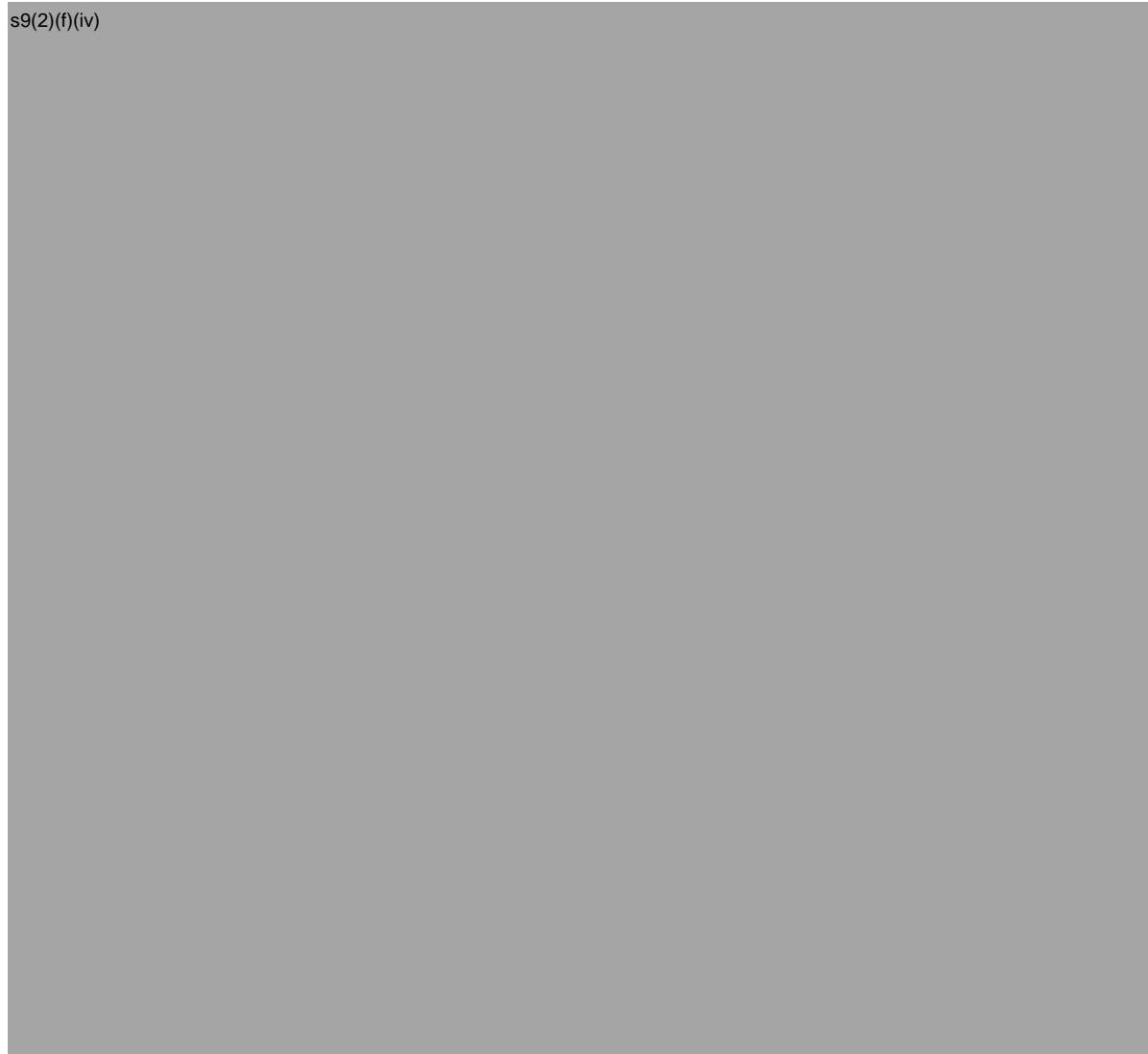
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Annex 1: Further detail on COVID economic support measures

Updates from the previous advice for the strategy for COVID economic response [T2021/2190] are in **red**.

Measure	Summary	Status
Housing		
Residential tenancies	During last year's Alert Level 4 lockdown, temporary legislative changes were made restricting tenancy terminations, imposing a freeze on rent increases, and empowering the Tenancy Tribunal to operate flexibly. These changes were made on the understanding that New Zealand could be in an Alert Level 4 lockdown for some time, and that the economic impact of COVID-19 on individual households could be considerable. These changes have now expired.	Progressing. On 7 September, the COVID-19 Ministerial Group agreed to progress several amendments to the Residential Tenancies Act (RTA) to enable Ministers to respond to future COVID-19 outbreaks and alert level changes. These changes are aimed at restricting tenancy terminations and will come into force through an order by the Minister responsible for the RTA under section 11 of the COVID-19 Public Health Response Act 2020 in the move to a national or regional Alert Level 4.
Homelessness	As part of last year's Alert Level 4 response, HUD received \$107 million to secure approximately 1,200 new motel places to house individuals and households experiencing homelessness. HUD received funding at Budget 2021 to extend a significant portion of these places.	Active. At this stage, HUD has not advised that additional motel capacity is required, but HUD is continuing to monitor the situation with providers. We understand that a small number of households have been placed into motels through the Ministry of Social Development's (MSD) Emergency Housing Special Needs Grant system.
Business and household finance		
Mortgage relief	Over 2020, deposit takers offered customers temporary mortgage deferrals. The Reserve Bank issued guidance that those deferred loans would not be treated as 'being in default', allowing the offering to continue without impacting capital requirements.	'Watch and wait'. We do not foresee a need to reintroduce a mortgage deferral scheme at this stage unless there is a prolonged lockdown that causes a drop in incomes and job losses. Banks have the capacity to deal with a modest volume of loans being deferred without a regulatory concession from the RBNZ. Should the situation change, the RBNZ would seek to be supportive of banks and their customers, consistent with its financial stability objective.
Financial regulatory relief		'Watch and wait'. The Council of Financial Regulators regularly meet with the financial sector in order to understand current and upcoming pressures and any regulatory relief that might be required to help financial institutions support their customers. The Treasury is also working closely with the Reserve Bank who is increasing their monitoring and talking to banks regularly.

Commercial property		
Commercial leases	Measures in this area could aim to make it easier to retain lease arrangements and get back to business as usual after lockdowns by giving parties more time to fulfil their payment obligations before the other side can take enforcement action.	Progressing. On 9 September, the COVID-19 Ministerial Group agreed to amend the Property Law Act 2007 to insert an implied clause in commercial leases requiring a rent reduction in emergency situations.
Education		
Funded childcare for essential workers	Essential workers who have children aged up to 13-years-old can access free childcare, so they are able to continue to provide the essential services we need during the current lockdown.	Active. The scheme is likely to continue to see demand while the country (or parts of it) is at Alert Level 4. In previous Alert Level 3 settings, children of essential workers have been able to attend educational settings in-person.
Emergency payments providing wage support for casual staff in State and State-Integrated schools	This scheme is available to day relievers, kairāhi and non-teaching staff or kaimahi who are paid by timesheet, and who will not receive any payment due to school and kura closures at Alert Level 4.	Active.
Measures to support distance learning		Active. Funding agreed by Cabinet to support a range of distance learning measures is likely to be sufficient for a period of approximately one month for hard packs to support distance learning (and a similar time for television content, though this content will take longer to produce and distribute), and for a longer period for internet connections and device provision.
Funding for vulnerable learners		Active. The schooling sector will be shifting its focus to reengaging vulnerable learners with the education system, and we will likely see a request for funding.
Early childhood care wage pressure		Active. The Early childhood sector has raised concerns around financial viability of ECE providers, in particular wage pressures.
In-kind and income support		
In-kind benefits and funding for vulnerable communities	MSD has restarted a package of community support measures similar to those implemented previously. This includes funding for food banks, grants to community service providers, and support for Women's Refugees for additional accommodation.	<p>Active. Since 27 August, \$23.032m has been allocated to Whānau Ora commissioning agencies, funded from the CRRF. Activities provided through this funding include establishing, operating and supporting vaccination and testing sites, distributing food and support packages and supporting whānau who are isolating.</p> <p>Active. Since 27 August, \$2m has been allocated to Vote Women for a fund to be administered by the Ministry for Women, available to NGOs and community organisations that are supporting women and girls impacted by the COVID-19 resurgence.</p>

		<p>The fund will target population groups who are disproportionately impacted and struggle to access support from other services, including migrant and refugee women and women in isolated or rural areas. Distribution of the fund will commence during September and data from this process will help determine if gaps in this area remain.</p> <p>Active. MSD has been allocated \$18.7m to meet increased community need for food access, other essential wellbeing items and community connectors due to heightened Alert Levels (funded by \$4.5m from the CRRF, \$4m by reprioritisation and \$10.2m from a FNA from MoE). Joint Ministers can access an additional \$3.1m from the CRRF should Auckland remain at above AL3 post the 23 September.</p>
Income Support	<p>In response to last year's Alert Level 4 lockdown, main benefits were increased permanently, and the Winter Energy Payment was temporarily doubled to support low income families.</p> <p>Budget 2021 agreed further increases to main benefits, with the first increase coming into effect from 1 July 2021.</p> <p>We also introduced the COVID-19 Income Relief payment. Due to the Wage Subsidy extension, the need for this payment was reduced.</p>	<p>Progressing. Treasury will soon provide further joint advice with MSD on targeted income support options to support low-income households, following Alert Level increases [T2021/2355 refers]. This includes options to more quickly implement a temporary increase to hardship assistance income limits, and options to provide more support via the NGO sector</p>
Tertiary student support		<p>Active. Since the 27th August, two additional support measures have been implemented directed at tertiary students:</p> <ol style="list-style-type: none"> 1. Putting a further \$20m into the Hardship Fund for learners. 2. Extending student loan living cost payments for tertiary students on study breaks for up to 8 weeks.

Annex 2: COVID public health restrictions and economic support settings in highly vaccinated countries¹¹

Country (vaccination rate)	Public health restrictions			Economic support settings	
	Vaccine/negative test requirements	Social distancing	Other (e.g. masks, border restrictions)	Businesses	Individuals
Denmark (71% fully vaccinated, 76% partial)	Has been restricting access to some indoor spaces, but now phasing this out	No social distancing	Border restrictions (including negative test/self-isolation for 10 days for some travellers)	No current supports (Loans to start-ups and extended tax deadlines have ended)	No ongoing support identified
Iceland (70% fully vaccinated, 82% partial)	No vaccine/negative test requirements	Social distancing of 1m (with some exceptions) Gathering limit of 200	Mask mandates 11pm curfews for some bars/restaurants	Relief grants for businesses with revenue loss ending 30 Nov 2021 Grants for companies forced to close as part of infection management (ending 30 September 2021)	Increased payments for support of job-seekers' children will be extended through the end of 2021 Income-related unemployment benefit time period temporarily increased to 6 months
Ireland (75% partially vaccinated)	No vaccine/negative test requirement for entry (but capacity limits are higher if all attendees are vaccinated)	Phasing out physical distancing and gathering limits	Mask wearing on public transport, indoor retail, and healthcare settings. Vaccination or negative test for foreign visitors from most countries, with self-isolation for hot-spot countries	Commercial rates waiver (ending 30 Sep 2021) Tax debt warehousing (ending 31 Dec 2021) Business Resumption Support Scheme (single payment to struggling businesses) to be introduced in September 2021	Extending equivalent of wage subsidy until 31 December 2021 An extension of the reduction in VAT rate of 9% for the hospitality and tourism sector until 1 September 2022

¹¹ This table has been prepared at a particular point in time and some settings are expected to change over time (e.g. vaccination rates, economic supports). In addition, the public health restrictions in some jurisdictions are expected to fluctuate in response to COVID outbreaks. While some jurisdictions may have low levels of restrictions at this time, they may need to impose further restrictions in response to an outbreak. In some cases, current restrictions are in response to an outbreak, with a plan to lift restrictions once the outbreak is under control (e.g. Iceland). In addition, other countries (e.g. UK) plan to enact stricter public health settings ("Plan B") if health system capacity becomes constrained due to COVID.

				A new COVID-19 Deferred Payment arrangement to support additional statutory redundancy costs	
Israel (62% fully vaccinated, 68% partial)	Vaccine or negative test to get access to venues or events	Caps on attendance at indoor and outdoor events. No event can surpass 75% capacity	Mask requirements for indoor venues, or outdoors when there is more than 100 people	No ongoing support identified	No ongoing support identified
NSW (plan when 70% fully vaccinated)	Re-opening freedoms only available for vaccinated adults (unclear how this will be enforced)	Limit of 1 person per 2sqm or 4sqm for most venues Limits on home gatherings, weddings, funerals	Mandatory masks for indoor public venues	Business grants JobSaver Payroll tax reduction/deferrals	Test and isolate payment Eviction moratorium
Singapore (78% partially vaccinated)	No vaccine/negative test requirement for entry, but caps on attendance at indoor events is higher if all attendees are vaccinated	Some limits on number of people at events, hospitality, and workplaces	Mask requirements Opened up 'green lanes' for fully vaccinated travellers with negative test from some jurisdictions Mandatory rostered testing in some business sectors	Targeted wage support (ending September 2021) Bridging loan scheme (ending September 2021) Targeted support through 2021 for specific industries (arts & culture, sports, aviation, land transport sector)	No ongoing support identified
UK (64% fully vaccinated, 67% partial)	Planning to restrict access to crowded indoor events to only the vaccinated (but Wales and NI not implementing)	Self-isolation rules for those with COVID symptoms No general distancing or gathering rules	Green and red lists on border	Self-employment Income Support (ending 30 Sep 2021) Recovery Loan Scheme (ending Dec 2021) Furlough (ending 30 Sep 2021)	Test and Trace support payment for low income individuals

Excerpts from Treasury Report T2021/2424: Fiscal Strategy for the Budget Policy Statement – 22 October 2021

s9(2)(f)(iv)

- s9(2)(f)(iv)

... additional spending in the short term could exacerbate supply constraints, increase delivery risks, and have other unintended consequences.

38. Supply constraints have emerged as the biggest challenge to economic growth in the short-term. As a result of the global nature of these constraints, we are expecting to see capacity pressures, skill shortages and inflationary pressures persist, even after domestic supply chain and immigration issues relating to COVID-19 have been resolved.
39. In this context, changes to the allowances should be considered alongside CRRF spending. In particular, increasing the level of support provided via the Resurgence Support Payment (T2021/2654 refers) while also significantly increasing budget allowances risks compounding inflationary pressures and delivery risks.
40. To mitigate these risks, we recommend COVID-19 economic support be limited to what is required to mitigate scarring effects in the economy. Beyond that, you should consider options for the phasing of new spending and sequencing of policies to ensure near-term spending increases are focused on your top priorities and deliver value for money, given the short-term risks of exacerbating existing capacity constraints, and the medium-term risks to fiscal sustainability.

58. s9(2)(f)(iv)

Excerpt from Treasury Report T2021/3007: COVID economic support for localised lockdowns over the holiday period – 3 December 2021

22. c At a macroeconomic level, the economy has continued to perform better than expected and any additional support must consider the potential risk of compounding inflationary pressure. Annual inflation increased to 4.9% in the September quarter and the latest unemployment rate of 3.4% is a record low.