

The Treasury

Advice on COVID-19 Response - Tranche Two Information Release

September 2022

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Treasury Report: COVID-19 Economic Support: Draft Cabinet Paper and other material

Date:	20 October 2021	Report No:	T2021/2650
		File Number:	SH-1-6-1-3-1-1

Action sought

	Action sought	Deadline
Hon Grant Robertson Minister of Finance	<p>Provide feedback on the attached draft paper for COVID Ministers Group (CMG)</p> <p>Indicate any additional information needed to support your discussions with CMG on 21 October</p> <p>Return the signed report with your decisions on actions</p>	21 October 2021

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Ken Tsang	Analyst, Economic Policy	[39]	N/A (mob) ✓
Alastair Cameron	Manager, Economic Policy		N/A (mob)

Minister's Office actions (if required)

Return the signed report and comments on the draft Cabinet paper to Treasury.

Note any feedback on the quality of the report

Enclosure: Yes (Draft Cabinet paper material attached)

Treasury Report: COVID-19 Economic Support: Draft Cabinet Paper and other material

Executive Summary

This paper provides for your review and comment the requested draft paper to seek decisions from the COVID-19 Ministers Group (CMG) with Power to Act on the transitional and longer-term package of economic supports for the new COVID-19 Protection Framework (**attached**). It also provides information on the range of supports provided by Government since New Zealand went into Alert Level 4 on 17 August 2021 (**Annex 1**).

This paper should be read alongside the concurrent Treasury Report *Implications of forthcoming fortnightly RSP payments: considerations ahead of Cabinet discussion on 21 October* [TR2021/2654 refers].

Recommended Action

We recommend that you:

- a **note** that you have requested a paper for CMG to seek decisions on the transitional economic support package for the new COVID-19 Protection Framework, and in-principle decisions on the direction of travel for the longer-term package
- b **note** that this paper is to be considered by the COVID-19 Ministerial Group with Power to Act on 21 October 2021
- c **review** the draft Cabinet paper attached and provide comment to Treasury by 9am on 21 October to enable the paper to be finalised and circulated to CMG
- d **note** that this paper should be considered alongside the concurrent Treasury Report *Implications of forthcoming fortnightly RSP payments: considerations ahead of Cabinet discussion on 21 October* [TR2021/2654 refers]
- e **indicate** any additional information you need to support decisions or the announcement of this package.

Alastair Cameron
Manager, Economic Policy

Hon Grant Robertson
Minister of Finance

Treasury Report: COVID Economic Support: Draft Cabinet Paper and other material

Purpose of Report

1. This Report responds to your request for a Cabinet paper seeking decisions from the COVID-19 Ministerial Group (CMG) with Power to Act on the economic support package for the transitional shift from the current Alert Level framework to the new COVID-19 Protection Framework (CPF), and for in-principal decisions on the direction of longer-term support options.
2. This draft paper is provided for your comment and review to allow a final version to be considered by Ministers on 21 October 2021.
3. It also provides additional information on supports provided since 17 August 2021 to support upcoming announcements on the CPF and transitional supports.
4. The draft paper should be read alongside our advice on the potential implications and choices for the Resurgence Support Payment [T2021/2654].

Draft Cabinet paper

5. As requested, a draft Cabinet paper for your review and comment is attached. This Cabinet paper:
 - a Seeks decisions on changes to the Resurgence Support Payment (RSP)
 - b Confirms the continuation of the Wage Subsidy Scheme until the transition to the CPF
 - c Notes a range of complementary initiatives to the transitional economic supports (including for the Regional Business Partner Network, lifting Māori vaccination and providing additional support for iwi and communities, hardship assistance, and for the events sector).
6. The paper also sets out the direction of longer-term economic support, including
 - a A shift to more targeted support and stopping broad-based support under Amber and Green settings in the new CPF,
 - b Improvements to schemes like the Leave Subsidy Scheme and Short-Term Absence Payment, and
 - c A more targeted RSP at Red settings.

Additional support data requested

7. Your office also requested information on Government assistance provided since the move to Alert Level Four on 17 August 2021. This information is provided in Annex 1.

Next Steps

Immediate next steps

8. We request that you provide us feedback on this draft paper by 9am on 21 October 2021. This will allow agencies to update the paper as required to either enable the paper to be discussed by the CMG at its 11.30am meeting, or via round robin in the afternoon.
9. We are working with your office to confirm sign-out arrangements.

Communications

10. We understand your office is preparing communications material to support the Prime Minister's announcement of the CPF on Friday, 22 October.
11. Based on the experience from previous announcements, we expect significant interest from business and the public in the changes to economic supports. The Treasury communications team is working with key delivery agencies (including MSD, IR, and MBIE) to ensure consistency of messaging on the changes. We propose to work with your office on this.

Annex 1 - Assistance provided since moving to Alert Level 4 on 17 August 2021

Wage subsidy scheme:

Jobs supported: As at 19 October, **1.274 million jobs** have been *paid* at least one payment under the WSSAUG21 scheme. This includes **178,979** self-employed recipients, and **1,094,418** employees in **148,150** businesses.

Paid to date: As at 19 October, **\$3.402 billion** has been paid out by MSD across the five payments. Applications are currently open for payment five, and there are a number of applications still being processed.

Payment	Paid as at 19 October
WSSAUG21-1	\$1.324 billion
WSSAUG21-2	\$927 million
WSSAUG21-3	\$598 million
WSSAUG21-4	\$417 million
WSSAUG21-5, day 5	\$135 million

Regional split: Around two thirds of the employees (excl. self-employed) supported by payments 3 and 4 are located within Auckland (IDI analysis, as at 15 October).

Industry: A growing share of employees (excl. self-employed) supported by each payment were in the accommodation and food services sector. 14% of employees supported by payment 1 were in hospitality, growing to 23% of employees supported by payment 4 (IDI analysis, as at 15 October).

Size: Approximately two thirds of overall expenditure to date on the WSSAUG21 scheme has gone to small firms (1-49 employees). The full breakdown of expenditure by size is outlined below:

Breakdown by Size	Paid as at 19 October	Share of payments
Self-Employed	\$523m	15%
Employees	\$2,879m	85%
<i>Small Firms (1-49 employees)</i>	<i>\$2,180m</i>	<i>64%</i>
<i>Medium Firms (50-499 employees)</i>	<i>\$531m</i>	<i>16%</i>
<i>Large Firms (Over 500 employees)</i>	<i>\$168m</i>	<i>5%</i>
Total across the five Payments	\$3,402m	100%

Multiple payments:

- **34%** of jobs received **one** payment only (**431,173 jobs**)
- **42%** of jobs were supported by **2 or 3** payments only (**541,162 jobs**)
- **24%** of jobs were supported by **4 or 5** payments (**301,062 jobs**)

Resurgence Support Payment

As at 20 October, the total RSP disbursed to date **across all 3 payments** totalled **\$1,171.21 million**.

A breakdown of RSP disbursements as at 15 October 2021 is set out below:

		17 Aug (RSP1) 223,579 applications		8 Sep (RSP2) 125,195 applications		1 Oct (RSP 3) 59,877 applications	
Descriptor	Particulars	Proportion of amount	Proportion of volume	Proportion of amount	Proportion of volume	Proportion of amount	Proportion of volume
Size by Employee (FTE)	1 employee	31%	51%	34%	54%	40%	58%
	2-5 employees	29%	33%	28%	31%	28%	29%
	6-10 employees	14%	9%	13%	9%	13%	8%
	11-20 employees	11%	5%	11%	4%	10%	4%
	20+	15%	2%	14%	2%	9%	1%
Segment	Micro	43%	61%	46%	66%	50%	64%
	SME	37%	25%	35%	23%	32%	20%
	Significant Enterprise	13%	3%	12%	3%	9%	2%
	Families	6%	10%	7%	11%	9%	13%
	Individuals	1%	1%	1%	1%	1%	1%
Location	Greater Auckland	41%	43%	63%	64%	70%	70%
	Hamilton/Whangarei	10%	11%	8%	8%	10%	9%
	Christchurch	11%	10%	6%	6%	4%	4%
	Wellington	8%	8%	5%	5%	4%	4%
	Tauranga	5%	6%	3%	3%	2%	3%
	Dunedin	5%	5%	3%	3%	2%	2%
	Rest of NZ	20%	17%	12%	11%	8%	8%
Industry (Top 6)	1. Construction	21%	22%	18%	19%	14%	14%
	2. Accommodation and Food Services	12%	8%	15%	10%	17%	11%
	3. Retail Trade	9%	8%	8%	7%	8%	7%
	4. Manufacturing	8%	6%	8%	9%	5%	4%
	5. Other Services	8%	9%	7%	5%	8%	9%
	6. Professional, Scientific & Technical Services	8%	8%	7%	8%	8%	9%

Other support measures

- *Leave Support Scheme and Short-Term Absence Payment*

As at 19 October 2021, for applications received since 18 August:

- The Leave Support Scheme has paid out **\$10.0 million**, and
- The Short-Term Absence Payment has paid out **\$4.8 million**.

- *Funding given to Māori and Pacific providers*

Funding support for Māori and Pacific providers includes:

- **\$23 million** to Whānau Ora Commissioning Agencies:
 - \$17.6 million for food, power, mobile data, hygiene packs, mental health support, wraparound support to access multiple services including for testing and vaccination, and
 - \$5.4 million for exceptional support requirements, such as self-isolation accommodation.
- **\$1 million** for Iwi-led response planning, communications outreach, support for vaccine uptake
- **\$26 million** to support the Pacific health and disability sector to lead the response to the current outbreak of the Delta variant.
- **\$36 million** to support Māori providers through four priority initiatives:
 - \$17 million to support Māori providers to adapt their services, as part of their role in the COVID-19 response
 - \$14 million to support whānau to access essential health services where they have been impacted by the COVID-19 outbreak
 - \$3 million to strengthen the Māori psychosocial response
 - \$2 million to ensure providers are prepared to support the long tail in the recovery from this outbreak
- *Funding given for food security, and if possible emergency support grants from MSD (could just look at the Auckland area)*

Funding includes:

- **\$4.9 million** to support people that have immediate welfare needs that do not meet the National Emergency Management Agency's normal funding criteria and who cannot access other sources of support to meet the needs, including support to iwi, rural and isolated communities.
- **\$38.2 million** for Community Connectors providing food and wellbeing supports.
- *Student hardship*

Funding includes:

- An additional **\$20 million** for the Hardship Fund for Learners was announced by the Minister of Education on 8 September 2021. This is to provide temporary financial assistance for learners who are facing barriers to continuing their study as a result of the Delta outbreak, including for any costs needed to purchase devices.
- **\$3 million** to extend student loan living costs payments for tertiary students on study breaks for up to 8 weeks.
- *Support for NGOs/Women's Groups*

\$2 million was allocated to re-establish the COVID-19 Community Fund, led by the Ministry for Women, will focus on community groups with the most acute and immediate needs.

- *Support for Arts (the package that Minister Sepuloni brought forward)*

Funding includes:

- **\$11.4 million** provide opportunities for people to build up their confidence and self-esteem through accessing creative spaces in their own neighbourhoods, and also give stability for creative spaces to expand their services and create employment opportunities in the sector through things like art making workshops, performing arts activities, creative writing and raranga (weaving) workshops.
- **\$37.5 million** to provide for a targeted support package to protect jobs and support at-risk organisations, key infrastructure, artists, sole-traders, creatives and projects, as well as a future-focused fund aimed at providing confidence for performances and events.
- *Support for sports (the package that the Minister for Sport and Recreation announced)*

\$5.3 million was allocated to assist sport and recreation organisations and providers in the Auckland region that have been financially affected by the latest lockdown, mainly through helping them meet their fixed administration and operating costs and so remain viable.