XVI. Government's Social and Economic Protection Responses to COVID-19 in the Context of an Elimination Strategy: The New Zealand Example

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1. Introduction

To date, the New Zealand government's handling of the COVID-19 coronavirus pandemic has been relatively successful. The general approach was to adopt an elimination strategy[1], which kept case numbers and deaths low, at least until the late-2021 arrival of the Omicron variant. In respect of the economy, the Minister of Finance, Grant Robertson's, mantra has been 'a strong public health response is the best economic response'[2], albeit, of course, like governments in most jurisdictions, the health response has been coupled with large-scale debt-funded increases in public spending to support economic activity and protect livelihoods.

To date (1 February 2022) there have been 16,622 cases and 53 deaths, the latter figure representing a death rate of 1.08 per 100,000 people, the fourth lowest rate of any nation.[3] It is expected that the Omicron variant of the virus, now spreading within the community, will result in a large spike in case numbers. Hopefully though, vaccination rates in excess of 90 percent and Omicron's milder nature means the increase in deaths will be relatively small.

The first COVID-19 case in New Zealand, a traveller returning from Iran, was reported on 28 February 2020.[4] Other cases followed shortly thereafter and in mid-March, government announced that everyone entering New Zealand (except, initially, persons from the Pacific Island nations)

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1 Ministry of Health, COVID-19: Minimisation and protection strategy for Aotearoa New Zealand, updated 7 December 2021.
2 See RNZ, Grant Robertson: A strong public health response is still the best economic response, of 24 August 2021.
3 Johns Hopkins University Coronavirus Resource Center, updated 1 February 2022.
4 Ministry of Health, Single case of COVID-19 confirmed in New Zealand, 28 February 2020.

must self-isolate for 14 days. On 19 March, the borders were closed to all arrivals except New Zealand citizens and permanent residents. As case numbers began to grow, the government announced a 4-tiered 'Alert Level' system, with different levels of restrictions to apply at each level.[5] On 25 March, the whole country was moved on to the highest Level 4 restriction.[6] At the same time, a state of national emergency was declared under the Civil Defence Emergency Act 2002, giving the Director of Civil Emergency Management various powers including to close public places and roads and exclude people from specified premises.[7]

Under the Level 4 lockdown, schools and other educational facilities, most businesses, shops, and public facilities were closed. Essential services such as supermarkets, petrol stations, pharmacies and essential health services remained open although with access restrictions. Only localised, necessary travel was permitted and aside from exercising locally, people were required to stay home. It is estimated that during this period approximately 20 percent of the labour force were working as essential workers, 24 percent were working from home, and the remainder were unable to work.[8] New Zealand remained under lockdown at Alert Level 4 or the almost as strict Level 3 for eight weeks until 13 May. From then until August 2021 there were periods with no cases in the community followed by periods of regional restrictions mainly in Auckland (New Zealand's largest city) and Northland as cases emerged there. Up to that date, there had been a total of 26 COVID-related deaths in New Zealand, 19 of which had occurred at the beginning of the pandemic in April 2020 mostly associated with two outbreaks in residential aged-care facilities. In August 2021 the Delta variant was detected in the community and the Auckland region was placed under Level 3 restrictions for what turned out to be four months through to December. There were shorter lockdowns in some other regions as well. With the arrival of the much more infectious Omicron variant, the attempt to eliminate COVID from New Zealand was abandoned in early December and the Alert Levels system was ended

5 New Zealand Government, About the COVID-19 Alert System, retrieved 1 March 2022.

6 Rt. Hon. Jacinda Ardern, New Zealand moves to COVID-19 Alert Level 3, then Level 4 in 48 hours, 23 March 2020.

7 New Zealand Gazette, Declaration of National Emergency by Minister of Civil Defence, 26 March 2020.

8 Ministry of Business, Innovation and Employment, Essential Services workforce factsheet, 5 May 2020.

in favour of a three-tier 'protection framework'[9], popularly known as the 'traffic light' system. This system is aimed at managing the spread of the disease through continued public health measures like mask wearing, Rapid Antigen Tests, self-isolation, and a reliance on high vaccination rates.

One aspect of the government's health response which attracted increasingly wide disgruntlement was the system of Managed Isolation and Quarantine ("MIQ") using temporarily co-opted hotel facilities to isolate all cross-border arrivals including returning New Zealanders.[10] While mostly successful in keeping new COVID cases from arriving in the community, the lottery system administered by the Ministry for Business, Innovation and Employment (MBIE) has been criticised by both overseas New Zealanders unable to get home, and by employers seeking to bring in overseas workers to fill job vacancies.

Most recently, the widespread use of vaccine mandates preventing unvaccinated people from doing certain jobs or entering some businesses has attracted loud protests from a small minority of people. Currently two 'convoys' of vehicles from the north and the south have converged on, and occupied, an area around the Parliament Buildings in Wellington.[11]

Looking forward, government is signalling that it expects border restrictions, self-isolation requirements and vaccine mandates will start to be loosened once the Omicron wave has peaked in a couple of months (and assuming a new variant has not emerged).

As in most other countries, in its first year the pandemic also entailed a massive economic shock. In New Zealand this was driven by both declines in export revenue, especially international tourism (the country's second largest export-earner) and tertiary education services; and by the decline in domestic activity such as retail and construction disrupted by the lockdowns. Not surprisingly, there was considerable uncertainty among economic forecasters initially, both as to the likely magnitude of the output decline and its duration. Most suggested a brief "V-shaped" downturn; but some commentators expected a more prolonged "U-shaped" recession. In June 2020, published forecasts of real GDP growth for the March year 2021

9 New Zealand Government, The traffic lights (COVID-19 Protection Framework), retrieved 13 March 2022.

10 See New Zealand Government website: Managed Isolation and Quarantine.

11 The protest attracted widespread daily media coverage. See, for example, Malpass, Convoy protest: The protest fiefdom that no-one wants to take responsibility for, 19 Februar 2022.

ranged from -6.6 annual average percentage change (aapc) to -11.8 aapc[12]. Forecasts for the following year ranged from 1.3 to 13.1 aapc. As it turned out, the -2.9 percent fall in GDP in the 2020 year was considerably smaller than forecast.

The increase in unemployment also proved to be less severe that many first predicted. In June 2020 forecasters were predicting a peak in the unemployment rate of somewhere between 7.1 percent and 9.6 percent, up from 3.9 percent in December 2019. In fact, unemployment peaked at 5.1 percent in September 2020. Moreover, it has fallen back to 3.2 percent by September 2021, lower than at any time since the current Household Labour Force Survey began in 1986.[13]

While the official unemployment rate is now at historically low levels, other measures of unemployment show less impressive improvements. The broader labour under-utilisation rate, which includes people who want work but do not fit the tight definition of being unemployed and actively seeking a job and part-timers who want more hours of work, rose from 10.0 percent pre-pandemic to 12.8 percent in September 2020 before falling back to 8.9 percent by September 2021. The number of working aged people (18-64 years) in receipt of a welfare benefit rose by 24 percent over the year to 31 December 2020. Although it fell during 2021, the number remains 17 percent higher than before the pandemic began.[14]

Overall, the government's economic response strategy has been to focus on employment protection by keeping workers attached to their pre-pandemic jobs even if temporarily unable to work and by maintaining the viability of small and medium-sized firms as far as practical. The unemployment figures above show that this strategy was relatively successful. Indeed, many employers now argue that the bigger problem they face is labour and skill shortages, especially in areas such as construction and agricultural and horticultural work. While true, it must also be pointed out that so far we have seen little evidence of the wage growth which would typically be expected in a tight labour market.

Its responses to the economic shock have had a huge impact on the government's budget. As at mid-December 2021, government had signalled a total of NZ$69.1 billion (EUR 42.8 billion) as part of the COVID-19 re-

12 New Zealand Institute for Economic Research, Consensus forecasts, June 2020, 15 June 2020.

13 These figures are not seasonally adjusted. The seasonally adjusted figures show a similar pattern however.

14 Statistics New Zealand, Household Labour Force Survey; Ministry for Social Development, Benefit statistics.

sponse and recovery packages[15], equivalent to over 26 percent of total annual GDP. By December 2021, NZ$64.8 billion (EUR 40.2 billion) of this fund had been allocated, with NZ$4.3 billion (EUR 2.7 billion) remaining for future use if needed. Government's first economic response was a NZ$12.1 billion (EUR 7.5 billion) support package, most of which was allocated to the temporary Wage Subsidy scheme, and assistance for business to support employment through the first lockdown. Details of these initiatives are discussed in Sections 2 and 3 below. The subsequent May 2020 Budget included the establishment of a NZ$50 billion (EUR 31 billion) COVID-19 Response and Recovery Fund (CRRF), part of which was allocated in the Budget itself and part held in reserve for future initiatives. Later, in September 2021, government was forced to add an additional NZ$7 billion (EUR 4.3 billion) to the fund. The additional expenditure has been deficit-funded but with a 29 percent government debt-to-GDP ratio in 2019, the increase (to around 48 percent) remains well within manageable levels.

a) Job Retention

The mainstay of the government's initial March 2020 response package was the introduction of a wage subsidy scheme, with an initial estimated budget of between NZ$9 and NZ$12 billion (EUR 5.6 billion to EUR 7.4 billion).[16] The objective of the scheme was to maintain workers' employment relationships even if they were unable to work during the period of the lockdown or were forced onto short hours. The design of the programme was broadly modelled on the wage subsidy scheme used after the 2011 earthquake which severely affected Christchurch city. Employers who's actual or predicted revenue had fallen by 30 percent or more due to COVID-19 effects could apply for the subsidy in respect of each affected employee. The subsidy amount was NZ$585.80 (EUR 363.20) per full-time

15 The Treasury, COVID-19 funding allocation and expenditure.

16 The legislation for managing epidemic responses and for implementing the response package was contained in the COVID-19 Response (Urgent Management Measures) Legislation Bill and the COVID-19 Response (Taxation and Social Assistance Urgent Measures) Act 2020 (both passed under urgency on 25 March), and the COVID-19 Response (Taxation and Other Regulatory Urgent Measures) Act 2020 (passed 30 April). Some programmes were implemented by way of Orders in Council under the Social Security Act 2018 and the Tax Administration Act 1994.

worker, equivalent to approximately 55 percent of median weekly earnings.[17] People working fewer than 20 hours per week could receive a maximum of NZ$350 (EUR 217) per week.[18] The payment was made to qualifying employers in advance in eight-week blocks.

Before applying for the subsidy employers were expected to have taken ‘active steps’ to mitigate the impact on their business including by drawing on cash reserves, insurance or bank facilities. Then, while receiving the subsidy, firms were expected to ‘use best endeavours’ to pay at least 80 percent of normal wages to staff they were claiming in respect of, and, at a minimum, to pass on the full value of the subsidy. Notwithstanding these various rules around the use of the scheme, the Minister of Finance acknowledged that the need to get funding out to workers very rapidly meant that the subsidy was operating on what he called a ‘high-trust model’.[19] Later in the year there was some public criticism of firms who had claimed the subsidy but who subsequently turned out to have strong profits for the year and, in some cases, increased their dividend pay-outs to shareholders. A small percentage of firms opted to pay back the subsidy; and the Ministry of Social Development investigated others, although there have been no charges or formal enforcement actions taken. The Office of the Auditor-General also undertook an analysis of the management of the Wage Subsidy scheme and made recommendations for improving the implementation of ‘high-trust’ schemes where these are deemed necessary in future.[20]

Subsequent support measures, both in the May 2020 Budget and later, continued the focus on using the Wage Subsidy programme as the mainstay of support for employment and incomes during lockdowns. The Wage Subsidy was extended twice during 2020 to cover lockdowns, and then again in a slightly modified form during the second half of 2021.[21] Following the long Auckland region lockdown in 2021 and with the switch to the traffic light system, government has indicated that it does not intend to use the Wage Subsidy (or lockdowns) again during the pandemic. This may be partly due to waning public willingness to abide by lockdown rules but is

17 The amount was set equal to the maximum rate of the tax-funded paid parental leave, presumably on the basis that a period on parental leave was the closest comparable situation to being unable to work due to COVID-19 restrictions.
18 Ministry of Social Development, Work and Income.
19 Minister of Finance.
20 Controller and Auditor-General, Management of the Wage Subsidy scheme, 2021.
21 The main differences were a higher expected revenue loss (40 percent), and that applications were for two-week periods at a time.

also because the Omicron variant's higher transmissibility would probably render lockdowns ineffective.

In total, approximately NZ$19 billion (EUR 11.8 billion) was spent on the Wage Subsidy programme, an amount that represents approximately two-thirds of total annual expenditure on all social security and welfare programmes, including the universal New Zealand Superannuation pension. The Ministry of Social Development reported that, by September 2020, 62 percent of all jobs (not including self-employed sole-traders) had been supported by the Wage Subsidy at some point. Male employees were significantly more likely than female employees to receive the subsidy (69 to 54 percent); and almost half of all employees receiving the subsidy worked in small firms with fewer than 10 employees.[22]

b) *Supporting the Economy*

Support for the economy cannot of course be separated cleanly from support for jobs since both provide incomes and promote economic activity. This section focuses on measures that were taken where the prime objective was to minimise the pandemic's direct or indirect effects on economic activity. These measures can be broadly divided into three categories: monetary policies, supports for business, and new spending on government activities intended to stimulate demand by providing jobs and incomes.

Monetary policy. Under the Reserve Bank Act 1989, the Reserve Bank of New Zealand (RBNZ) is statutorily independent of government and operates according to the Act and a Policy Targets Agreement with the Minister of Finance. In May 2020 it signed a Memorandum of Understanding with the Minister to indemnify it against loss risks associated with using what it calls alternative monetary policy tools, that is alternative to the standard tool of periodic adjustments to the Official Cash Rate (which, in common with many other countries, was already near zero).[23] The main policy used by the RBNZ was quantitative easing, officially called the Large Scale Asset Purchase Programme (LSAP), which involved it purchasing just over NZ$100 billion (EUR 62 billion) of government bonds from trading banks and other institutions as a way of injecting cash into the economy.

22 Ministry of Social Development (2021), Who received the COVID-19 wage subsidies?.

23 Memorandum of Understanding between the Minister of Finance and RBNZ regarding the use of Alternative Monetary Policy tools of May 2020.

The second main monetary policy support for the economy was the Funding for Lending Programme (FLP).[24] Under the FLP, the RBNZ made up to NZ$28 billion (EUR 17.4 billion) in loans available to qualifying banks at an interest rate equal to the Official Cash Rate (0.25 percent). Similar to programmes employed by central banks in other jurisdictions, the intention of the programme was to stimulate economic activity by reducing the cost of mortgages and business lending. Both these monetary policies undoubtedly played a large role in stimulating economic activity during 2020 and 2021, however, one unwelcome side effect is the extent to which they have exacerbated the already rapid increase in house prices.

Support for business. The range of programmes to support businesses' continuity and recovery has evolved and expanded as the pandemic progressed. An early scheme, the Business Finance Guarantee Scheme (BFGS) was introduced in March 2020 and ran until 30 June 2021.[25] In total, over NZ$1.7 billion was distributed under the scheme. The objective was to support firms by encouraging banks to continue to lend to them. Under the scheme borrowers remained liable for loans, but banks were protected from the risk of default by a guarantee up to 80 percent of the loan value. Initially cover for up to NZ$6.25 billion was set aside but by the end of the scheme total government exposure only reached NZ$2.9 billion.[26] The first package also included a number of business tax changes including commercial building depreciation deductions and discretion for Inland Revenue to remit use-of-money penalties for late tax payments. In April 2020, a tax loss carry-back scheme was introduced which allowed firms anticipating losses in 2020 or 2021 to receive a refund from tax paid in earlier, profitable years. Officials estimated that the scheme would result in refunds of approximately NZ$1.2 billion in the 2019/20 tax year and NZ$1.9 billion in the following year.

The largest economy-wide business support programme was the COVID-19 Resurgence Support Package (RSP).[27] This was available to all ongoing businesses and organisations including sole traders and could be claimed in addition to other assistance such as the Wage Subsidy. The primary eligibility criterion was a 30 percent or greater decline in revenue due to the effects of the pandemic and Alert Level restrictions. In total, 10 RSP payment rounds were made between 15 February 2021 and 20

24 See Reserve Bank of New Zealand, Funding for Lending Programme.
25 New Zealand Treasury, Business Finance Guarantee Scheme.
26 The Treasury, Business Finance Guarantee Dashboard - 30 June 2021.
27 Inland Revenue, COVID-19 Resurgence Support Payment (RSP).

January 2022. Initially, the maximum payment was set at NZ$1,500 plus NZ$400 per FTE worker up to a maximum of 50 FTEs. These amounts were later doubled to NZ$3,000 plus NZ$800 per FTE, meaning a maximum total payment of NZ$43,000. Initial rounds were smaller, but by the time the scheme finished approximately 230,000 businesses, mostly companies or sole traders, were receiving payments in each round, with the total cost per round of approximately NZ$2.9 billion.

With the rapid spread of the Omicron variant of COVID in the community, government has announced a short-term modified version of the RSP programme to help businesses manage staff shortages due to self-isolation requirements and supply chain disruptions. The COVID-19 Support Payment (CSP) will comprise three fortnightly payments (beginning on 28 February 2022) for firms experiencing a 40 percent or greater loss of revenue.[28] The payment will be NZ$4,000 plus NZ$400 per FTE worker up to a maximum of NZ$20,000.

Generally speaking, the government has tended not to opt for industry-specific targeted support programmes, preferring to rely instead on the Wage Subsidy and economy-wide business supports discussed above. There are however a number of exceptions. In aviation, NZ$800 million was allocated to maintaining air freight capacity and reducing supply chain risks. In addition, government extended loan facilities to Air New Zealand, which is 50 percent government-owned. To date, loans to Air NZ have grown to almost NZ$2 billion. In tourism, which has also been particularly hard hit because of the border closures, there have been a number of schemes, with a total value in excess of NZ$100 million (EUR 62 million) put in place, including to support what government deems 'strategic tourism assets'. Industries that provide training through apprenticeships are also eligible for a subsidy in order to minimise negative impacts on trade training. The main scheme pays a subsidy of NZ$1,000 (EUR 620) per month per first-year apprentice and half that for second-year apprentices.

In addition to these larger schemes, there have been various smaller-scale support programmes for sectors that have been affected by the restrictions on public gatherings. These include the arts and entertainment sector and the racing industry. In most cases, these programmes are not still open for applications.

Government activities and spending projects. The third leg of government's support for the economy has been to undertake or bring forward a

28 Inland Revenue, COVID-19 Support Payment (CSP).

substantial number of investment projects. The largest programme is the so-called 'shovel ready' infrastructure investments. On 1 April 2020, the economic development and infrastructure ministers established the Infrastructure Reference Group and tasked it with identifying projects that could be ready to begin work within six months.[29] By September 2021, approximately 150 projects of various sizes and distributed through the country had been identified and contracted.[30] The total value of the projects contracted to date is approximately NZ$4 billion, with government's funding being NZ$2.5 billion. The projects 'owners' are a mix of local government, central government, Māori iwi authority, NGO and private sector organisations and cover housing, transport, community and environmental infrastructure investments. The overall objective is to offset the economic shock of the pandemic by increasing government investment in infrastructure activities and providing additional jobs and income, especially in provincial regions of the country.

c) Social Protection

New Zealand, like Australia, has a flat-rate, tax-funded system of social assistance rather than an insurance-based system as is common in European jurisdictions. Benefits for the unemployed and those unable to work due to sickness, disability or childcare responsibilities are paid according to family circumstances and are means-tested against joint family income. As in most countries, targeted supplements are available for accommodation costs, and additional assistance is provided through tax credits for families with dependent-aged children.

The level of assistance is not generous, with a high percentage of benefit-dependent households falling below the 50 percent-of-median-income poverty measure. In early 2019, the government-commissioned Welfare Expert Advisory Group had presented its report which included recommendations for large increases in the level of financial support provided through welfare benefits.[31] Only minor changes had been enacted prior to the arrival of COVID, however.

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29 Hon Shane Jones, Government seeks infrastructure projects, 1 April 2020.
30 Infrastructure Reference Group, Contracted projects, 30 September 2021.
31 Welfare Expert Advisory Group, Whakamana Tāngata: Restoring dignity to social security in New Zealand, February 2019.

The first response package in March 2020 included a permanent NZ$25 (EUR 15.50) per-week increase in the core rate of benefit and a temporary one-year doubling of the Winter Energy Payment, which is paid to beneficiaries and superannuitants for 5 months over winter. The additional Winter Energy Payment amounted to a total of NZ$17.30 (EUR 10.70) per week for a single person and NZ$26.90 (EUR 16.70) for a couple averaged over a full year.

As part of the declaration of a national emergency, regional Civil Defence Emergency Management (CDEM) Groups were allocated an initial NZ$27 million for support for local authorities, foodbanks and other social service providers to supply food and welfare assistance to those in need. A further NZ$30 million was allocated in April[32] and additional funding has been made at various times through 2020 and 2021. Whānau Ora, a government-funded family support network was funded as part of this to deliver care and hygiene packages to families in need. During usual times, Foodbanks in New Zealand rely largely on donations so in a sense the objective of this funding was to make use of their infrastructure and networks into communities as a way of providing government-funded support for those most badly affected by the lockdowns and income losses.

Beginning from 8 June 2020, workers who had lost their job due to COVID could apply for the new COVID-19 Income Relief Payment (CIRP). The CIRP was a limited-term, eight-week payment intended to cushion the effect of job loss on families and households. The rate of payment was NZ$490 (EUR 303.80) per week for full-time workers (over 30 hours) and NZ$250 (EUR 155) per week for those who had been working 15 to 29 hours per week. CIRP was an untaxed payment and these rates were approximately equal to the after-tax rate of the wage subsidy maximum. CIRP was an unusual – and somewhat controversial – payment. Unlike the main provisions of the New Zealand welfare system, CIRP was effectively individualised and not affected by a partner's income except in cases where that income exceeded NZ$2000 (EUR 1240) gross per week. In addition, CIRP was paid at a considerably higher rate than the benefit available to people unemployed for non-COVID reasons (NZ$250 (EUR 155) per week net for a single adult over 25 years). It therefore created, albeit temporarily, a two-tier benefit system, which although common in other countries is contrary to New Zealand's approach.

32 Hon. Peeni Henare, Govt approves further $30m to meet immediate welfare and food security needs, 22 April 2020.

Based on high unemployment forecasts the initial expectation was that CIRP receipt would peak in August 2020 at around 160,000 people. However, this proved to be an over-estimate and there were never more than 25,000 recipients at any one time.[33] By the end of 2020, the number of recipients had fallen to under 3,000 and the programme ended shortly afterwards.

Sick leave and self-isolation support. Employees are entitled to 10 days sick leave per year under the Holidays Act 2003.[34] Government has been clear throughout the pandemic that employment entitlements and agreements, including to annual leave and sick leave, are unaffected by any COVID-related disruptions.[35] From mid-2020 it did, however, put in place two additional leave support provisions for those unable to work because of the isolation rules. Until late 2021, the Covid-19 Leave Support Scheme paid a lump sum of NZ$1,176 for full-time workers and NZ$700 for part-time workers for a two-week period for people who were required to stay home and could not work because they had COVID or were close contacts of a COVID-positive person. The payment has been amended more recently to pay a lump sum of NZ$600 for full-time and NZ$359 for part-time for people required to isolate for between four and ten days. Second and third lump sums are available on a weekly basis if the isolation period extends beyond ten days.

A COVID-19 Short-Term Absence Payment is available for businesses, including the self-employed, to help pay workers who are required to stay home for two or three days while they are waiting on a COVID-19 PCR test result.[36]

Finally, in terms of social protection, the 2021 government budget included significant increases in core benefit rates and changes to the Working for Families family tax credit provisions. These initiatives were in response to the Welfare Expert Advisory Group's 2019 recommendations, rather than directly to COVID but obviously provided considerable extra assistance to benefit-dependent households. The increases ranged from an extra NZ$32 per week to NZ$55 per week depending on benefit type

33 Ministry of Social Development, Trends in Jobseeker Support – Work Ready and the COVID-19 Income Relief Payment during 2020, September 2021.
34 See Holidays Act 2003. The statutory entitlement to sick leave was increased from five to ten days under the Holidays (Increasing Sick Leave) Amendment Act 2021 as part of a 2017 Labour Party election promise.
35 See, for example, Employment New Zealand, COVID-19 and the workplace.
36 Rapid Antigen Tests (RATs) which take only 20 minutes to give a result, are now widely available but follow-up PCR tests are also commonly used.

and family structure. The changes are to come in in two stages: an initial NZ$20 per adult per week from July 2021 and the remainder will be paid from 1 April 2022.[37]

Tertiary students. COVID has affected university students both through loss of part-time earnings used to help fund their studies and by disruptions to in-person teaching. Increased income support was provided in 2020 through changes to the Student Loan Scheme, targeted mostly at additional study costs needed for online learning. In 2021, government also increased the Hardship Fund for Learners by NZ$20 million. This fund is available to tertiary education providers to give additional financial support for students who need it. It is noteworthy that, although international student numbers are down, domestic university enrolments are 11 percent higher in 2021 than they were in 2019.[38]

Temporary migrants on work visas. Border closures applying in other countries resulted in visa problems and a lack of income support for many temporary workers in New Zealand. This included workers from some Pacific Island nations who were in New Zealand as part of the Recognised Seasonal Employer (RSE) Scheme which employs agricultural and horticultural workers for up to seven months each year. Other temporary work visa and working holiday visa holders were also affected. Typically, visitors in New Zealand on temporary visas are not eligible for welfare support, but from March 2020 through to August 2021, a COVID-19 Emergency Benefit for temporary visa holders was made available, payable at the same rate as the Jobseeker benefit. Immigration New Zealand also continued to operate a repatriation fund to help those in hardship with the cost of returning home.

2. *Conclusion*

New Zealand's approach to managing the social, labour market and economic impacts of the pandemic has been strongly underpinned by a 'health first' strategy. Aided by distance and geography (and a willingness to listen to epidemiological expert advice), the government adopted an

37 New Zealand Treasury, Tackling inequality and child poverty: Main benefit increases. Budget papers, May 2021.

38 Ministry of Education, The impact of COVID-19 on tertiary education in New Zealand: Initial impact on participation, Education Counts, December 2021.

elimination goal.[39] Using border closures and early, strict lockdowns this strategy proved successful in public health terms, with relatively low case numbers and few deaths, at least up until the arrival of the Omicron variant. The government would argue – and with some justification – that this approach also minimised the social and economic shock caused by COVID. Certainly, the impact on economic output and on job losses was considerably less severe than early forecasts predicted. Nonetheless, the impact on workers was widespread. A survey conducted during the first Alert Level 4 nationwide lockdown in April 2020 reported that 44 percent of respondents lived in a household where at least one adult had lost either employment or income (or both) as a result of the lockdown.[40]

New Zealand does not have the strong social partnership tripartite-based tradition that the Scandinavian countries have. Nor does it have a state, federal or provincial system like the US, Australia or Canada. Thus, the policy responses to COVID were mostly led by central government, although with broad support from local and regional councils, employer groups and trade unions. In public terms, this meant a very centralised, Cabinet-driven decision-making process and, unsurprisingly, an especially high public focus on the Prime Minister, three or four other key ministers plus a small number of public officials, most notably the Director-General of Health.[41]

As described above, the government's social and economic response policies have focused on protecting jobs and industry as far as possible, rather than on unemployment benefits and other cash payments to households. The strategy (not unique to New Zealand) has been to spend heavily on keeping businesses viable and on maintaining workers in their pre-existing employment arrangements during periods when either work was impossible because of lockdowns or firms' revenue was being severely affected. In

39 See, for example, Morton, Coronavirus: Keep it out, stamp it out – What's in NZ's pandemic plan?, New Zealand Herald, 5 March 2020.

40 Prickett, K., Fletcher, M., Chapple, S., Doan, N. and Smith, C., Life in lockdown: The economic and social effect of lockdown during Alert Level 4 in New Zealand. Working Paper 20/3, 2020, IGPS, Wellington.

41 The high profile of the Director-General, Dr. Ashley Bloomfield, has been unusual for New Zealand, where public servants mostly play behind-the-scenes roles. Dr Bloomfield's prominence (and widespread public popularity) has been due in part to him appearing regularly with the Prime Minister in daily public updates, and also because he has a legal role, separate from government, in promulgating public health orders. At the start of the pandemic, such orders were made under the Health Act 1956. In May 2020 these were transferred to a standalone act, the COVID-19 Public Health Response Act 2020.

terms of the New Zealand government's budget, this approach has been fiscally expensive in the short-term. It has also inevitably involved some spending that would not pass a value-for-money test if inspected closely. However, because the elimination strategy was broadly successful quite quickly in the original wave, and only lasted for an extended period in the upper North Island in the Delta outbreak, the wage subsidy/business support approach was fiscally manageable.

Alongside this approach, the government's reliance on modest benefit increases and targeted welfare assistance for those most in need has left many benefit-dependent households still struggling but has avoided a big increase in severe hardship. Other groups of people, such as trade apprentices, migrants and university students have all also had additional supports provided.

An important conclusion from the New Zealand experience to date is that the existing welfare and labour market support systems have proven capable of handling a very large, very sudden shock such as the pandemic. Some new assistance programmes did need to be put in place quickly and some, such as the Wage Subsidy, needed to be brought back from when they were last used. But the fundamental structures, legal systems, and delivery mechanisms through the Ministry of Social Development, Inland Revenue and other agencies have proved adequate. All in all, New Zealand's experience since March 2020 does not suggest any fundamental weakness in the capacity of the system to cope; nor the need for radical reform to protect against future similar events. To the extent that there may – or may not – be a case for wholesale restructuring of the country's social and job protections, it rests on longer-term social and labour market trends rather than on the COVID-19 pandemic experience.