

## COVID-19 Response and Recovery: Experience and Lessons of New Zealand

17 June 2020, 1100-1230 (Manila Time), via Microsoft Teams

### I. Background and Context

1. Since 8 June 2020, New Zealand moved to level one, the lowest of a four-tier alert system and has reported no new COVID-19 cases for more than two weeks. It has recorded 1,154 confirmed cases and 22 deaths from COVID-19 since the virus arrived in late February 2020 (population 5 million). The Government of New Zealand has been widely praised globally for its handling of the crisis. New Zealand's goal was to become "virus free" using an effective communication strategy, swift and tough lockdown measures, mass-testing (8,000 per day, one of the highest testing rates per capita in the world) and robust contact tracing, border closures, and strict 14 days quarantine enforcement. Geography was also an advantage. Being an island, New Zealand had more control over its borders and its relatively low population density meant the novel coronavirus cannot be transmitted easily through the population.
2. With the gains achieved in addressing the COVID-19 pandemic, the health response is now more focused on: (i) robust border controls; (ii) continued surveillance and testing; (iii) strengthened contact tracing capability and rapid isolation of cases; and (iv) public support to prevent any further spread such as good hygiene and keeping records of movement.<sup>1</sup> The Ministry of Health also launched the NZ COVID tracer app that supports fast and effective contact tracing requiring users to create a "digital diary" of places visited.
3. The Government of New Zealand put in place a broad range of initiatives to cushion impacts of the COVID-19 crisis, kick-start economic recovery, create decent and sustainable jobs, ensure the security of most vulnerable, and lay the groundwork for long-term recovery. The guiding principles adopted for the COVID-19 measures are: (i) timeliness; (ii) fiscally sustainable; (iii) targeted to those who need it; and (iv) proportionate to the level of the economic shock.
4. On 17 March 2020, the Government announced an initial NZ\$12.1 billion (about 4% of GDP) COVID-19 Economic Response Package to protect the health and wellbeing of its citizens, safeguard livelihoods, and ensure quickest recovery on all fronts. As the situation has changed, the package<sup>2</sup> has been expanded with corresponding budgetary support to include: (i) wage subsidies; (ii) medical support; (iii) leave and isolation support; (iv) income support for most vulnerable; (v) redeployment package; (vi) business tax adjustments; (vii) support to the aviation sector and supply chains protection; (viii) support for SMEs including guarantees, tax relief, loans, and wage subsidies; and (ix) support for social sector services and community groups, among others.

<sup>1</sup> <https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus>

<sup>2</sup> <https://www.beehive.govt.nz/feature/covid-19-economic-response-package>

5. The Wellbeing Budget 2020<sup>3</sup> on 14 May signalled a significant expansion in the financial response to COVID-19, notably the NZ\$50 billion COVID-19 Response and Recovery Fund (CRRF). Budget 2020, focused on growing the economy, creating jobs, strengthening public services, and jumpstarting the rebuilding process. Key components of Budget 2020 (totaling NZ\$62.9 billion) include: (i) CRRF; (ii) business support package; (iii) infrastructure investment and public housing; (iv) trade and apprenticeship training; (v) environmental jobs; and, (vi) support to strengthen health and education as core services.

6. On 25 May 2020, a new COVID-19 Income Relief Payment under the CRRF umbrella was announced to support New Zealanders who have lost their jobs due to the impact of COVID-19. The scheme is forecast to cost around NZ\$570 million and will cover people that lose their jobs before the end of October. Subsequently, on 5 June 2020, support for businesses affected by COVID-19 through the Small Business Cashflow Scheme and the Wage Subsidy Scheme was extended from 12 June to 24 July 2020. An additional 40,000 businesses will be eligible for the extended Wage Subsidy Scheme due to a change to the revenue drop threshold from 50% to 40%. Up to 230,000 businesses are projected to be eligible for the 8-week scheme extension from 10 June, covering up to 910,000 workers. Further measures are likely over the coming months.

7. The New Zealand Government also launched a trade recovery strategy<sup>4</sup> on 8 June 2020 building on earlier efforts to sustain trade and supply chain connectivity and to avoid protectionism measures. Earlier initiatives such as the New Zealand-Singapore Air Freight Project and bilateral agreement on trade in essential goods with Singapore, as well as the signing of ministerial statements to facilitate the resumption of trade and essential cross-border travel while still safeguarding public health goals, helped lay the foundation for the short to medium term trade recovery strategy. Cognizant of the uncertainties brought about by the COVID-19 crisis and reinforcing international cooperation, a recalibration of New Zealand's overall approach to trade policy was incorporated in the trade recovery strategy. The trade recovery strategy had three inter-related elements: (i) supporting exporters; (ii) reinvigorating the trade architecture; and (iii) refreshing key trade relationships.

8. For its part, the Reserve Bank of New Zealand is adopting a "whole of Government and industry approach" to keep the financial system stable ensuring foreign exchange, and debt and money markets are operating efficiently and at low cost. The Reserve Bank launched various monetary, fiscal and financial measures to respond to COVID-19 and to also ensure cash-flow movement around the economy – between banks, firms, households, and the Government.

## II. Second PACER Dialogue

9. Countries in the Asian region and across the world are grappling with how to balance policy responses that can mitigate the economic costs of the COVID-19 crisis while also minimizing risks to society. Countries can learn from the experience and lessons of New Zealand in designing and implementing multi-faceted COVID-19 response and recovery policies.

<sup>3</sup> <https://www.beehive.govt.nz/feature/budget-2020-rebuilding-together>

<sup>4</sup> <https://www.beehive.govt.nz/speech/trade-strategy-recovery-impacts-covid-19>

10. It is against this background that the Asian Development Bank (ADB), will convene the second dialogue of the Policy Actions for COVID-19 Economic Recovery (PACER) Dialogues in virtual format on 17 June 2020 (Wednesday) from 1100-1230 (Manila time) using Microsoft Teams. The title of the second PACER Dialogues is “COVID-19 Response and Recovery: Experience and Lessons of New Zealand.” The PACER Dialogues is organized under the framework of the ADB supported BIMP-EAGA, IMT-GT, and GMS (B-I-G) Capacity Building Program, and will explore measures that can help “B-I-G” member countries, Singapore, and Timor-Leste “bounce back” from the COVID-19 pandemic and accelerate economic recovery.

### III. Objectives

11. The objectives of the second PACER Dialogues on experience and lessons of New Zealand in COVID-19 response and recovery are to:

- promote better understanding on multi-faceted policy responses to address the COVID-19 pandemic beyond the health aspects;
- feature the experience and lessons of New Zealand in utilizing wide-range policies and measures to address the COVID-19 crisis; and,
- provide a platform for policy makers to share knowledge and experience and collaboratively learn from each other.

12. At the end of the second dialogue, a Policy Brief will be produced to summarize policy options and recommendations discussed.

### IV. Second PACER Dialogue Structure and Timing

13. The PACER Dialogue process is envisaged to help decision makers broaden their perspectives, appreciate the wider implications of critical policy choices, and identify concrete policy actions. The process allows policy makers to share knowledge and experience and collaboratively learn from each other.

14. During the open discussions, lead participants are requested to provide inputs, share analysis and country experiences and lessons on monetary, fiscal and financial policies and measures to mitigate negative effects of the COVID-19 pandemic and achieve economic recovery. Lead country participants are requested to highlight: (i) types of measures, amounts, and objectives; (ii) to whom intended; (iii) success factors; and (iv) implementation challenges. Given time and technical constraints, powerpoints are not required for the country inputs.

15. The indicative structure and timing allocations for the 1.5-hour (90 minutes) second PACER Dialogue is summarized in the program attached.

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TIME	DETAILS
11:00-11:05	<p><b>2nd PACER Dialogue Overview and Objectives</b> <i>Mr. Ramesh Subramaniam</i> <i>Director General, Southeast Asia Department (SERD), Asian Development Bank (ADB)</i></p> <p>Moderator to deliver introductory remarks on the second PACER Dialogue context, objectives and structure.</p>
11:05-11:35	<p><b>COVID-19: A summary of New Zealand policy response so far</b> <i>Mr. Mark Blackmore, Senior Treasury Representative for Singapore, India and South East Asia, New Zealand High Commission in Singapore</i></p> <p><i>Mr. Mario Di Maio, Principal Advisor, COVID-19 Response Policy and Strategy, New Zealand Treasury (Te Tai Ohanga)</i></p> <p>Presentation on the experience and lessons of New Zealand in COVID-19 response and recovery.</p>
11:35-12:25	<p><b>Open Discussion and Fielding of Questions</b> <i>Moderator: Mr. Ramesh Subramaniam</i></p> <p>PACER Dialogue participants requested to seek additional information and field questions on the experience of New Zealand.</p> <p>To enrich the PACER dialogue discussions, participants are also requested to provide inputs and share analysis and country experiences and lessons on policies and measures aimed at mitigating the negative effects of the COVID-19 pandemic and achieving economic recovery in the medium- and long- terms.</p>
12:25-12:30	<p><b>Synthesis and Summary</b> <b>Closing Remarks</b> <i>Mr. Ramesh Subramaniam</i> <i>Director General, SERD, ADB</i></p> <p>Moderator to provide summary of the policy discussions and key recommendations and deliver the closing remarks.</p>