



# The impacts of Covid-19 on Aotearoa/New Zealand's working people: A report 12 months on

Dawn Duncan

New Zealand has been comparatively fortunate, with a total of 2,372 confirmed or probable cases of Covid-19 infection and 26 deaths to date.<sup>1</sup> The economic impacts are, so far, less severe than originally expected,<sup>2</sup> with unemployment currently sitting at 4.9%.<sup>3</sup> New Zealand has enjoyed a summer of relative normality, with the absence of the virus in the community making large events and domestic holiday travel possible. Health officials have just started vaccinating front-line border, managed isolation and healthcare workers and a public vaccination campaign will likely commence later in the year.<sup>4</sup> However, the pandemic is far from over, and New Zealand is particularly exposed to longer term international economic trends yet to fully manifest. Also, a new case was discovered in Auckland on 14 February, and as of 28 February 2021, a 7-day lockdown has been imposed on New Zealand's largest city, Auckland, with the rest of the country under heightened restrictions while the outbreak is contained.

## New Zealand's response to the Covid-19 pandemic

New Zealand's relative good fortune can be attributed to a combination of factors, including the virus reaching New Zealand later than other countries, and the New Zealand Government's go hard, go early strategy.<sup>5</sup> "Go hard, go early" is a phrase sometimes used in rugby, New Zealand's national sport, and refers to a team making a big effort early in the game to obtain a tactical advantage over the other side. Applied to the pandemic, it refers to the Government taking hard and

---

<sup>1</sup> Daily updated infection data is available on the Ministry of Health website: < <https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus/covid-19-data-and-statistics/covid-19-current-cases> >

; Overall, mortality was reduced in 2020, thought to be due to the effects of lockdowns on seasonal influenza, road accidents, occupational deaths, and post-surgical complications, see Stacey King, Marjan Doppen, Melissa Black, Tom Hills and Nethmi Kearns "Reduced mortality in New Zealand during the Covid-19 pandemic" (2020) 397(10268) The Lancet DOI: [https://doi.org/10.1016/S0140-6736\(20\)32647-7](https://doi.org/10.1016/S0140-6736(20)32647-7)

<sup>2</sup> Detailed and regularly updated information on the economic effects of the pandemic is available on the New Zealand Treasury website: < <https://www.treasury.govt.nz/information-and-services/nz-economy/covid-19-economic-response> >; Latest information on trade impacts, wellbeing, productivity and greenhouse gas emissions are available on the Statistics New Zealand Covid Data Portal: < <https://www.stats.govt.nz/topics/covid-19> >.

<sup>3</sup> Monthly labour market reports are available at the Ministry of Business, Innovation and Employment website: < <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/monthly-labour-market-fact-sheet/> >.

<sup>4</sup> For information on the New Zealand public vaccination campaign see the Ministry of Health website: < <https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus/covid-19-vaccines/covid-19-our-vaccine-roll-out-plan> >.

<sup>5</sup> The first known case of the virus in New Zealand was reported on 28 February, in a person returning from Iran, the second case identified on 4 March in a person returning from Italy, with a steady increase in cases over the following days.

fast action in the earliest stages of the outbreak to eliminate the virus. There have been two main components to New Zealand's Covid-19 elimination strategy, border controls and a four-level alert system imposing varying degrees of restriction on activity and movement.<sup>6</sup> Borders were closed on 18 March 2020 to non-citizens and residents and have not reopened. Anyone entering the country must stay in a government-run isolation or quarantine facility.<sup>7</sup> A strict national lockdown was imposed from 24 March to 14 May, with a National State of Emergency declared on 31 March. Although one of the strictest lockdowns in the world, with immediate and severe economic impact, it received widespread public support. Early modelling of the disease had predicted New Zealand would be one of the worst affected countries had such severe action had not been taken.<sup>8</sup> The national lockdown was effective in eliminating community transmission of the virus, with the country enjoying 102 days without a new case being detected.<sup>9</sup> The discovery of a new case in August resulted in a regional lockdown being imposed on the city of Auckland. New Zealand's response to outbreaks has been supported by a track and trace system, involving genomic testing, dedicated contact staff, the Government Covid Tracer App installed on the phones of the majority of the population, and the mandatory display of QR codes in all premises or unique locations.<sup>10</sup> Although the New Zealand Government's Covid-19 elimination measures imposed much greater restrictions on individual freedoms and market activity than in other countries, there has been a high level of political consensus. Recent surveys of public opinion continue to show a high degree of trust in the Government and support for the actions taken.

### **Lockdowns and their impact on workers**

There are two alert levels requiring lockdowns. The national lockdown started at level four, reducing to level three, and regional lockdowns have been at level three. Level four requires people to stay in their homes and avoid contact with anyone not from their household "bubble". Non-essential businesses are required to close their premises but can continue to have people working from home. The list of essential services is very limited, including hospitals and medical services, life-line utilities, supermarkets and petrol stations. The national lockdown was strictly enforced. Under alert level three, people were still required to stay at home but enjoyed greater personal freedom to move around their local area. Many businesses were permitted to re-open their premises, but not interact with customers, conforming to strict contact-less trading and social-distancing rules. Public venues remained closed, and workers able to work from home were required to do so. Online selling and courier companies were permitted to operate under level three, and over this time New Zealand saw a significant surge in online sales, with courier companies overwhelmed by the increased volume of domestic packages, hiring additional staff. This growth in domestic online business remained even after the level three restrictions were removed, with many businesses now restructuring their operations towards greater online delivery. It also looks likely that working from home arrangements will remain for many businesses into the future.

---

<sup>6</sup> The details of each level in the alert system can be found on the Government Covid-19 website: <<https://covid19.govt.nz/alert-system/>>.

<sup>7</sup> Information on the managed isolation and quarantine facilities can be found on the MIQ website: <<https://www.miq.govt.nz/being-in-managed-isolation/isolation-facilities/facility-locations/>>.

<sup>8</sup> Modelling reports are available on the New Zealand Ministry of Health website:<<https://www.health.govt.nz/publication/covid-19-modelling-and-other-commissioned-reports>>.

<sup>9</sup> A detailed timeline of New Zealand's Covid-19 epidemic is available on the Radio New Zealand website here: <<https://www.rnz.co.nz/news/national/437359/timeline-the-year-of-covid-19-in-new-zealand>>.

<sup>10</sup> Information on the Covid Tracing App can be found on the Ministry of Health website: <<https://covid19.govt.nz/health-and-wellbeing/protect-yourself-and-others/keep-track-of-where-youve-been/nz-covid-tracer-app/>>.

## Wage subsidies and business loans

During the lockdowns many businesses were forced to close their operations with workers unable to perform their work from home. On 17 March 2020 a national wage subsidy scheme was established to prevent mass redundancies occurring. Employers that suffered a loss of expected revenue could apply for the subsidy on the condition they continued to retain their staff and pay at least 80% of their wages.<sup>11</sup> The subsidy was initially available for 12 weeks and comprised a flat rate payment of \$585.50NZD for employees working over 20 hours per week, and \$350NZD for those working less than 20 hours. By mid-April, over 40% of New Zealand's workforce was being supported by the scheme, protecting 1.65 million unique jobs and costing 9.9 billion NZD (more than 10% of total core Crown revenue for the previous year).<sup>12</sup> The wage subsidy scheme was extended until September, then also made available to cover the resurgence lockdowns in Auckland. A survey of wage subsidy recipients (between 15-25 May) showed that 97% were sole traders or small businesses with less than 20 staff. Only 4% had made staff redundant, with 94% reporting that the wage subsidy had made a positive impact on their cashflow.<sup>13</sup>

At the beginning of the national lockdown, the Government also introduced changes to allow businesses to put debts "into hibernation" until they could start trading again to avoid insolvency.<sup>14</sup> A significant package of tax relief and financial support was also made available, including the Business Finance Guarantee Scheme, making it easier for businesses to borrow from banks. The Small Business Cashflow (loan) Scheme was made available from 12 May providing one-off interest-free loans to small and medium sized businesses (50 employees or less). Each business received a base \$10,000, plus \$1,800 for each employee, up to \$100,000 NZD. Some industry-specific measures have also been introduced, such as "income equalisation assistance" for "farmers, fishers and growers,"<sup>15</sup> and 400 million NZD in financial support for the tourism sector.<sup>16</sup>

## Unemployment rates 12 months on

While it is hard to assess the impacts of the measures so early, the unemployment rate is better than expected. In December 2019, the pre-pandemic unemployment rate was 4.1%, rising to 5.3% by September 2020, and sitting at 4.9% at February 2021. More tellingly however, the underutilisation rate increased from 10.1% in December 2019, to 13.2% in September 2020, and currently sits at 11.9%.<sup>17</sup> The underutilisation rate provides an important indication of who has been most impacted, with those in part-time, casual or gig-work some of the hardest hit by job losses and reduced hours. The labour market data also shows that women made up almost 90% of the workers who lost their jobs during the lockdown, likely due to a combination of the industries most impacted (e.g. travel, tourism, retail) and the greater proportion of women in part-time, casual and gig work. As in other

---

<sup>11</sup> Information on the wage subsidy scheme is available on the Work and Income New Zealand website: < <https://www.workandincome.govt.nz/covid-19/wage-subsidy/index.html>>.

<sup>12</sup> Minister on Finance speaking on Radio New Zealand available here: <https://www.rnz.co.nz/national/programmes/checkpoint/audio/2018743103/covid-19-wage-subsidy-bill-nears-10b-govt-starts-auditing>.

<sup>13</sup> Survey results available on the New Zealand Treasury website: < <https://treasury.govt.nz/publications/weu/weekly-economic-update-19-june-2020-html>>.

<sup>14</sup> Where there was the agreement of 50% of creditors.

<sup>15</sup> Information on these programmes can be accessed here: < <https://www.ird.govt.nz/covid-19/business-and-organisations/income-equalisation-assistance-for-farmers-fishers-and-growers>>.

<sup>16</sup> Information about the tourism recovery package can be found at the Ministry of Business, Innovation and Employment website: < <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-recovery/>>.

<sup>17</sup> Ministry of Business, Innovation and Employment, above at 3.

countries, New Zealand has seen significant gender and ethnic inequalities in the economic and social impacts of the pandemic, with Māori and Pacific women the most impacted.<sup>18</sup>

### **Increased welfare support**

Despite the introduction of the wage subsidy and business loans many workers did lose their jobs during the lockdowns. On 1 April 2020 welfare benefits in New Zealand were increased, the normal “stand-down” period was removed for people accessing an unemployment benefit, and new regional job agencies created.<sup>19</sup> A temporary programme for housing the homeless, utilizing empty hotel rooms, was implemented, with reforms to tenancy laws making rent increases unlawful and introducing new restrictions on terminating tenancies.<sup>20</sup> On 25 May the Government announced a new temporary Covid Income Relief payment to support people who lost their job during the pandemic to adjust and find new employment. The tax-free payment of \$490NZD per week for previously full-time workers, and \$250NZD per week for previously part-time workers, is paid for 12 weeks to assist in adjusting and finding new employment. There is no mandatory minimum entitlement to redundancy compensation in New Zealand. While some workers had a contractual entitlement, many of those who lost their jobs did not, leaving them with only the benefit system to fall back on. New Zealand’s redundancy laws and welfare system have long needed an overhaul, with existing weaknesses highlighted under lockdown. The rapid speed of the Government response to longstanding social justice issues such as benefit inadequacy and homelessness was a stark reminder that action could have been taken in the past had there been the political will to do so. Polling in January/February of 2021 showed 69% of people wanted the Government to “increase income support for those on low wages or not in paid work.”<sup>21</sup> Hopefully, the Covid-19 experience leads to serious reforms in this area.

### **Job creation projects**

To support job growth and economic recovery the Government announced a 50 billion NZD recovery package, with substantial amounts allocated to job creation projects. On 1 April local authorities were asked to nominate “shovel ready” local infrastructure projects that could be used to create jobs, with future “job rich” infrastructure, housing and environmental restoration projects forming a core component. The recovery package also included a 1.6 billion NZD trades and apprenticeships package, making all apprenticeships free from July 2020, and paying businesses a wage subsidy for taking on apprentices. An extra 400 million has been allocated for the employment support agency, including 19.3 million to place people in primary sector jobs (e.g. agriculture and horticulture). The Government has also created 11,000 new jobs in environmental projects, biosecurity, conservation and enhanced biodiversity projects. A specific 22 million NZD initiative was announced for Auckland Pacific Peoples transitioning to high quality jobs. Existing

---

<sup>18</sup> For analysis of the gendered impact of Covid-19 on New Zealand workers see Annick Masselot and Maria Hayes “Exposing Gender Inequalities: Impacts of Covid-19 on Aotearoa/New Zealand Employment” (2020) 45(2) New Zealand Journal of Employment Relations 57-69. DOI: <https://doi.org/10.24135/nzjer.v45i2.21>.

<sup>19</sup> The rates were increased to \$40.91 per week for single people and \$63.64 per week for couples and those with children. More information can be accessed here: < <https://www.workandincome.govt.nz/products/a-z-benefits/winter-energy-payment.html>>.

<sup>20</sup> A new Schedule 5 to the Residential Tenancies Act 1986 was added to do this.

<sup>21</sup> Details and media discussion of the UMR poll are available here: [https://www.nz.co.nz/news/national/436866/survey-finds-69-percent-want-income-support-for-those-in-need-increased?fbclid=IwAR2o2nB7zhqJ2M\\_pgfl1yi2XA9r39W0TjcFB4Lh\\_vileok86OwSskF5JHboE](https://www.nz.co.nz/news/national/436866/survey-finds-69-percent-want-income-support-for-those-in-need-increased?fbclid=IwAR2o2nB7zhqJ2M_pgfl1yi2XA9r39W0TjcFB4Lh_vileok86OwSskF5JHboE).

employment programmes, He Poutama Rangatahi, Mana in Mahi and Māori cadetships (focussed on employment for young Māori) also received increased funding.<sup>22</sup>

## **Migrant workers**

It is important to note that not all workers in New Zealand enjoyed the same access to Government support. Workers on temporary work visas that found themselves effectively stuck in New Zealand during lockdown were not able to access social welfare benefits with unions and migrant worker advocates highlighting the hardships and risks of exploitation faced by this group. It was reported that there were approximately 350,000 temporary visa holders onshore, including 70,000 students and 56,000 on visitor visas.<sup>23</sup> An assistance package for foreign nationals was announced in response to criticism. The package provided assistance with food and accommodation for those in serious hardship but did not provide cash payments or access to the wider welfare system, failing to resolve the underlying problems. Many sectors, such as horticulture, had been heavily reliant on migrant labour, and by spring harvest season the absence of these workers was a topic of significant national debate, with employers unable to find New Zealand workers willing to pick fruit and vegetables under the same conditions. A deal was reached between the Government and the horticulture industry that allowed for some workers to be given entry visas on a number of conditions, including they be paid no less than the living wage (a rate of pay higher than the adult minimum wage).<sup>24</sup> Migrant worker exploitation had been an area of concern prior to Covid-19, with reforms introduced and further improvements being considered pre-Covid. It is unclear what changes will be introduced, either in response to the impact of the lack of migrant workers, or following the pandemic. Again, the Covid-19 experience is highlighting the fact New Zealand could have done more in the past to ensure the fair treatment of migrant workers had there been the political will.

## **Border closure and its ongoing impacts**

As a result of neoliberal economic reforms in the 1980s and 1990s, the New Zealand economy is one of the most “internationally facing” economies in the world, heavily dependent on international trade and tourism. Tourism, for example, previously made up 16.2% of export earnings and employed 8% of total workforce.<sup>25</sup> Twelve months on, the greatest ongoing economic effects are in these sectors. New Zealand’s borders remain closed, with the absence of tourists one of the most noticeable differences in daily life. While there is little concrete research yet, there also seems a growing focus on local social issues and an emerging sense of disconnection with the rest of the world. For example, the lack of flights coming into the country coupled with global production and shipping disruptions overseas mean that non-essential imported consumer goods are either unavailable or are substantially delayed, and many large international chain stores have ongoing supply problems. As a result, many New Zealand businesses are looking to local producers and suppliers, and new local businesses are emerging to fill gaps. It remains to be seen if this trend back to local production and away from overreliance on global supply chains remains once the pandemic has ended.

## **Future reforms to labour and social security law**

---

<sup>22</sup> Details of the economic recovery package outlines in the budget can be found on the New Zealand Treasury website here: <https://treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/measure>.

<sup>23</sup> Figures provided in the Government press release that accompanied the passage of the amending legislation, here: <<https://www.beehive.govt.nz/release/pragmatic-changes-immigration-act-respond-covid-19-passed>>.

<sup>24</sup> Media coverage of the deal is available here: <<https://www.rnz.co.nz/news/national/431549/govt-to-allow-2000-horticulture-workers-in-from-pacific-under-strict-conditions>>.

<sup>25</sup> New Zealand-Aotearoa Government Tourism Strategy (May 2019), available at: <https://www.mbie.govt.nz/immigration-and-tourism/tourism/new-zealand-aotearoa-government-tourism-strategy/>.

The Covid-19 pandemic has highlighted significant pre-existing weaknesses in the laws protecting working people, including the lack of clarity in sick and annual leave rules, the lack of redundancy compensation entitlement, the inadequacy of welfare benefit levels, and the lack of protection for migrant workers.<sup>26</sup> The negative economic impacts of the pandemic are not evenly distributed, with workers in insecure employment some of the worst affected. The pandemic is exacerbating existing social and economic inequalities and highlighting the previous lack of political will to tackle social justice issues. As yet, there have been few meaningful reforms to New Zealand's labour and social security laws as a result.

*Dawn Duncan*  
Lecturer, University of Otago

---

<sup>26</sup> Further discussion of the weaknesses in New Zealand's labour laws highlighted by Covid-19 see Gordon Anderson "Labour law under stress: Some thoughts on Covid-19 and the future of labour law" (2020) 45(2) NZJER 33-41. <<https://doi.org/10.24135/nzjer.v45i2.23>>.