



Aide-Mémoire

Update on COVID-19 Response

To:	Hon Chris Hipkins Minister for COVID-19 Response		
From:	Alice Hume, Head of Strategy & Policy	Date:	27/05/2022
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Purpose

1. This aide memoire provides an update on the COVID-19 system response to the Omicron outbreak, modelling, and observed and emerging impacts. Talking points to support your oral update to Cabinet on the response are attached (**Attachment A**).

Situation update

Modelling update

2. Nationally daily case counts have a seven-day rolling average of approximately 7,100 (139 per 100,000). This represents a decline of 6 percent over the past 14 days and is driven by declines in almost all metropolitan District Health Boards (Auckland, Counties-Manukau, Capital and Coast, Hutt Valley, Canterbury, and Southern). Increases in cases associated with a possible secondary wave have lowered (or in some instances – reversed) in the Northern Region, while both Te Manawa Taki and Central Region have levelled out, and the Southern Region is continuing its decline out of the first Omicron wave.
3. This trend, however, is not consistent across all age bands – daily case numbers among those aged under nine, and between 30 and 39 are continuing the decline that started in Easter (and the school holidays), while cases among those aged between 10 and 19, and 40 and 49 have started to increase again as the school term has got underway. At the other end of the spectrum, the seven-day rolling average for those aged 70 and above is now at about 600 daily cases – an all-time high for this age group. This is likely to have significant flow-on effects for hospitalisation and fatalities, which are dominated by those aged over 70.
4. Hospital bed occupation is lag indicator following daily case counts – nationally, bed occupation is up 2 percent over the past 14 days, but significantly higher in Central and Southern regions (South Canterbury and Southern DHBs are at their highest levels in terms of hospital bed occupation).

5. The seven-day rolling average for daily fatalities is at 9.3, and has been between 9 and 11 for most of May.

Impacts of COVID-19 on hospitals and health services

6. COVID-19 cases remain high, but the Ministry of Health are receiving assurance that the health sector is coping, which suggests most cases are managing well at home or in the community. Emergency department presentation volumes have continued to trend upwards from the start of May 2022. Frequency in which occupancy is over 90 percent capacity in the emergency department has also increased. This week Palmerston North, Wellington and Middlemore hospitals were most affected.
7. Hospital admission and discharge rates have also increased this month, however not to the same extent as emergency department presentations. There continues to be ongoing national capacity constraints, with increased numbers of DHB's consistently reporting occupancy over 90 percent. Wellington, Kenepuru, Dunedin and Rotorua hospitals all saw consistent occupancy over 90 percent. The Ministry of Health is working with the sector to manage the increased demand and plan for winter surges.

Care in the Community

8. Overall demand for welfare support was generally stable in the last week, with a slight increase in the number of requests for support (up 230 or 8 percent compared to the week prior), while referrals to providers decreased by around 60 (6 percent).
9. The proportion of confirmed COVID-19 cases who request support through MSD continues to be stable at 5 percent (as it has for the past several weeks). Patterns of demand were generally similar to prior weeks. In the last week, most demand was in the Auckland Central area, related to food and came through MSD's online channel.
10. Week-on-week demand for the Leave Support Scheme (LSS) continued to decrease, with weekly expenditure decreasing to \$16.9 million in the last week (\$0.3 million less than the prior week). Weekly Short Term Absence Payment (STAP) payments increased slightly from \$55.3 thousand to \$77.5 thousand (an increase of approximately \$22.2 thousand).
11. Call wait times on MSD's dedicated COVID-19 0800 helpline have continued to be below two-minutes.

Economic context

12. The global economic outlook continues to deteriorate. Activity has fallen sharply in China, and indicators in developed countries are also pointing to slower growth. Concurrently, inflation remains strong and labour markets remain tight in many advanced economies leading to central banks to withdraw stimulus. The weaker outlook is weighing on investor sentiment and increasing volatility in global financial markets.
13. Domestic activity growth has slowed; this decrease follows rapid growth at the end of 2021 and the peak of COVID-19 cases. High inflation and monetary policy tightening are acting to slow demand growth. The Treasury's Budget forecasts are for economic growth of 3.7 and 1.89 percent in 2022 and 2023 respectively. Unemployment is projected to remain steady at around 3 percent in 2022 but rise to 4.8 percent by the end of 2023. Inflation is expected to be 6 percent at the end of 2022 and ease to 4.1 percent in 2023 and 3.1 percent in 2024 as monetary policy tightens.
14. The Reserve Bank of New Zealand expects higher interest rates. The Monetary Policy Statement projects interest rates are expected to rise more quickly and to reach a higher

level than assumed in the Treasury forecast. Based on the Reserve Bank forecasts the Treasury now anticipates unemployment to rise earlier and inflation to be lower.

Attachments:	
Attachment A:	Attachment A – Talking points Withheld in full under section 9(2)(g)(i) of the Act

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