Financing covid-19 crisis in New Caledonia

1°/ Timeline of the COVID19 crisis over the years 2020 to 2022,
2°/ Measures adopted by the Government of New Caledonia,
3°/ Details of grant and loan financing,
4°/ Consequences on the financial and budgetary trajectory of New Caledonia.
TIMELINE of the covid-19 crisis

1°/ March 2020: 1st potentially native case detected - implementation of strict containment measures from 20 March to 20 April, 2020 with a very limited number of cases having an impact on the entire economy of New Caledonia - repatriation of residents and organization of SAS sanitary and quarantine measures with requisition of hotels - No more active cases on May 7

2°/ COVID-FREE strategy maintained based on a health SAS and close monitoring of travelers authorized to come to New Caledonia for compelling reasons.

3°/ March 2021: Potential case detected outside the health bubble set up between New Caledonia and Wallis and Futuna - implementation of strict containment measures from March 8 to April 4, 2021 - New Caledonia remains COVID-FREE after this period.

4°/ 3 September, 2021: implementation of mandatory vaccination in New Caledonia and for travelers following legal challenges weakening the quarantine on entry to New Caledonia.
TIMELINE of the covid-19 crisis

5°/ 6 September, 2021: first local cases of the DELTA variant in New Caledonia and first epidemic crisis - implementation of containment measures until mid-November and of a curfew until the end of December. Health crisis with a major impact on hospitals and with the setting up of hospitals allowing the follow-up of contaminated persons not requiring hospitalization. As of December 31, 2021, 12792 confirmed cases, 281 deaths, 64% of the total population vaccinated.

6°/ Implementation of measures decided by the State: health pass to regulate and secure collective gatherings.

7°/ End of January 2022: Start of a new epidemic peak mainly due to the Omicron variant - Between January and March 2022: 47,000 new cases and 26 deaths recorded. No strict containment measures with regard to the 3 evaluation criteria taken into account: population vaccination rate, incidence rate and hospital resuscitation bed occupancy rate.

8°/ 24 February, 2022: abolish of the vaccination obligation.

9°/ End of March 2022: after a peak incidence rate of 4000, the incidence rate is below 200. Strategy for living with the virus now in place.
Measures adopted by the Government

HEALTH MEASURES:
- Setting up of a sanitary SAS with the requisition of hotels,
- Vaccination and screening campaign,
- Strengthening of public hospitals and the fight against the epidemic.

ECONOMIC MEASURES:
- Implementation of a short-time working scheme for companies durably impacted by the crisis (transport / tourism) and having a significant drop in their turnover linked to the periods of confinement,
- Support for the airline company AirCalin and Aircal.
Measures adopted by the Government

SOCIAL MEASURES:
- Partial unemployment for employees of companies durably impacted by the crisis and those impacted by the confinement of the population.
- Deferral or exemption from social security charges owed by companies,
- Coverage of funeral expenses during periods of confinement.

BUDGETARY SUPPORT MEASURES:
- Compensation for tax losses by maintaining the operating grants to the 3 provinces and 33 communes of New Caledonia,
- Support for social schemes to compensate for the loss of social contributions based on work.
FINANCING DETAILS

Because of its current status within the French Republic, New Caledonia benefits from resources regulated by law.

The cost of the crisis for the years 2020 - 2021 has been evaluated by the Territorial Chamber of Accounts of New Caledonia, a financial jurisdiction, at 1.03 billion Fijian dollars (53.4 billion CFP francs), equivalent to 1.3 years of operation of the New Caledonian budget.

In May 2020, New Caledonia took out a loan from the French Development Agency for 554 million Fijian dollars (28.6 billion CFP francs) with a 25-year state guarantee.
CONSEQUENCES ON THE FINANCIAL & BUDGETARY TRAJECTORY OF NEW CALEDONIA

In 2022, New Caledonia is currently preparing its budget with 3 constraints:

- The drop in tax and social security revenues due to the crisis,
- The increase in the outstanding public debt (1.7 billion Fijian dollars - 88.4 billion CFP francs) which weighs on its overall balance and financial ratios
- The need to borrow again to meet current needs and to implement a post-crisis recovery plan based on public investment (404 million Fijian dollars - 20.88 billion CFP francs currently being negotiated following a new government guarantee granted in late 2021)
New Caledonia's donors (French Development Agency and local banks) question the sustainability of New Caledonia's financial and budgetary trajectory:

- To have the certainty that the current annual installments of about 116 million Fijian dollars (6 billion CFP francs) will be covered by savings from the country's own budget.

- How to finance New Caledonia's budget from 2023 onwards without recourse to borrowing because its debt ratio is calculated in relation to its own resources and not in relation to the country's GDP (for information, the latter fell by 3% between 2019 and 2020 and in the same proportions between the years 2020 and 2021)
CONSEQUENCES ON THE FINANCIAL & BUDGETARY TRAJECTORY OF NEW CALEDONIA

Since May 2020 and the first loan from the French Development Agency, New Caledonia has made commitments. The current government is actively working on fiscal and health system reforms to redress the country's public and social accounts. These reforms must be financially credible, economically efficient and socially just.

A three-year plan of tax reforms for 2022 - 2024 is currently being debated by the elected representatives of the New Caledonian Congress. The general consumption tax, the personal income tax and the Caledonian solidarity contribution must be reviewed as a priority.

A strategic plan for financing the social accounts also proposes measures to save money, optimize resources and streamline governance.

The government is planning a multi-year investment program for 2022-2024 in the order of F$465 million (24 billion CFP francs) to meet the country's infrastructure needs.
THANK YOU FOR YOUR ATTENTION.