

March 25, 2020

## **New Zealand COVID-19: Update**

The New Zealand Government has announced a new tranche of economic support policies and provided further guidance on the definition of “essential service”.

New Zealand goes into full ‘Level 4’ lockdown at 11:59pm NZST today. This will mean the closure of all non-essential business premises. The Government and departments continue to function, with staff working from home, as does Hawker Britton in New Zealand.

Please note this update is accurate as of 11.00am on March 25. For latest information visit [www.covid19.govt.nz](http://www.covid19.govt.nz)

### **Essential services**

The Government has provided further guidance on which businesses are defined as providing an “essential service”. The Government’s objective is to ensure that food, utilities, fuel, basic banking, transport, healthcare and core government services remain available, as do critical parts of their supply chain while limiting interactions as much as possible.

A list of essential services can be found here, along with further clarity provided by Cabinet late last night. The Government has stated that the list will continue to evolve, however “if a business is unsure whether it provides such products or services, it should shut its premises.”

Failure of non-essential businesses to shut their premises during a Level 4 lockdown will be treated extremely seriously by the authorities.

Businesses unsure as to whether they are an essential service can contact the Government on [essential@mbie.govt.nz](mailto:essential@mbie.govt.nz) to check. We can also help clients to seek clarity through our channels.

### **New economic measures**

Yesterday, Finance Minister Grant Robertson announced a mortgage holiday policy and a \$6.3b Business Finance Guarantee Scheme. The Government’s total contribution to economic relief is now well in excess of NZD\$20b (7% of GDP).

Details of the mortgage holiday will be decided and announced by the banks, but Minister Robertson said it would be for mortgage holders whose income has been affected by COVID-19 and will be for six months.



The Business Finance Guarantee Scheme will include a limit of \$500,000 per loan for affected businesses, and will apply to firms with a turnover of between \$250,000 and \$80 million per annum. The loans will be for a maximum of three years and expected to be provided by the banks at competitive, transparent rates. The Government will carry 80% of the credit risk, with the other 20% to be carried by the banks.

To facilitate these policies, the Reserve Bank has lowered the banks' required core funding ratio from 75% to 50%, allowing a significant increase in lending without the banks needing to acquire new funding.

Larger firms are being worked with on a case by case basis. On Monday, the Government removed the cap on the Wage Subsidy, making it effective for large employers.

Robertson has indicated that more will be coming and programmes will evolve. Minister Robertson again suggested a wider income support policy may be coming when asked about the possibility of a Universal Basic Income. He has also announced the Government is freezing rents.

Consideration is being given to delaying the Budget, currently due for May 14. Robertson says it will be very different to what had been planned.

Robertson asked businesses to ensure they continued to pay their bills to each other, as this was vital to the businesses surviving and the continued circulation of money in the economy.

## Other updates

As of 1pm on 24 March, there were 155 confirmed cases of COVID-19 in New Zealand, four of which are being treated as community transmission – three in Auckland and one in Wairarapa.

Yesterday, Prime Minister Jacinda Ardern warned cases numbers will continue to grow for some time because of the lag in infection, symptoms, and testing. The peak in new cases will come not sooner than 10-12 days, according to the Prime Minister, if rules are followed.

The Prime Minister reiterated that the point of lockdown is to create small 'bubbles' of people and limit opportunities for transmission between bubbles, which means limiting retail stores and other businesses to only those absolutely necessary.

Parliament will meet with reduced numbers today to undertake the necessary approval of the Epidemic Notice and Emergency Declaration issued by the Prime Minister yesterday, and pass an Imprest Supply Bill to fund the Government's COVID-19 response.

Prime Minister Ardern confirmed new measures are being considered for returning New Zealanders from overseas, who continue to be the main source of COVID-19 cases and who represent the threat of new community outbreaks. She said that the number of returnees is dropping significantly as transit points, like Singapore, close off, making measures such as quarantine practical.



Yesterday, Foreign Minister Winston Peters announced the Government is changing its official advice to New Zealanders overseas from “come home” to “shelter in place” as commercial airline routes to New Zealand are fast drying up. People in New Zealand on temporary visas will have those visas extended by six months.

For official government information visit [www.covid19.govt.nz](http://www.covid19.govt.nz)

**Further information**

For further information, contact: Simon Banks on +61 2 6111 2191, email: [sbanks@hawkerbritton.com](mailto:sbanks@hawkerbritton.com); or Neale Jones on +64 27 529 1079, email: [neale@capitalnz.com](mailto:neale@capitalnz.com)