

MINISTER OF FINANCE PRESS CONFERENCE: FRIDAY, 3 APRIL 2020

Hon Grant Robertson: Good afternoon, everybody. Kia ora. Ngā mihi nui ki a koutou. Some housekeeping to start: the Prime Minister will continue to hold regular press conferences from Sunday through to Thursdays, and I will hold them on Friday, beginning today. The all-of-Government operational press conferences will continue at 1 p.m., and these press conferences will continue at 3 p.m. each day, except for Saturday. On Sundays, the Prime Minister will join the 1 p.m. press conference, so there is only one press conference on a Sunday.

Today I want to begin by giving you an update on our overall Government response to support families, workers, and businesses during the COVID-19 alert level 4 lockdown. First and foremost, it's about health. What other definition of unity is there than a nation that has gone home to save the lives of our most vulnerable as the virus circles the globe. And without a doubt, the most important thing the Government can do during this time is to help keep people in jobs, with money coming in, and a roof over their heads.

The \$25 billion of support announced to date will cushion the blow of COVID-19 by supporting incomes, jobs, and businesses, and positioning the economy to recover. While other countries are spending billions over months and years as the pandemic found a foothold across their populations, we took action early, with few cases, and we're going hard now, along with injecting money directly into our economy.

The wage subsidy is keeping employers and employees connected to one another during the lockdown, so they are in the best position to reopen and kick-start the economy on the other side. As at 11 p.m. last night, the wage subsidy scheme has seen \$4.8 billion paid out in the last two weeks, helping nearly 800,000 New Zealanders, 120,000 of whom are sole traders or self-employed.

And to put a human face on that, the owner of two shipyards in Whangarei wrote to me yesterday to say that they've received the wage subsidy—close to \$300,000, in their case—and that means that they can keep their full workforce on 80 percent salaries until they start again, and they have a plan for the future about how to scale back up quickly from zero to normal income within four to six weeks of the lockdown. And now they're turning their attention to the Business Finance Guarantee Scheme, the Government-backed loan scheme from their bank to cover their operating expenditure.

And that's what our job is: to provide cover through this time. That cover also extends to supporting the six-month deferred mortgage scheme for homeowners affected by the virus so that people don't lose their homes due to COVID-19. We've also put in place tax changes to improve cash flow, doubled the winter energy payment so older New Zealanders can stay warm during this winter, with that payout beginning from 1 May. We've seen the main benefit increases that came in this week. We've also got rent freezes and a ban on terminations of tenancies or evictions other than in exceptional circumstances. All of these are important in making sure that New Zealanders can get through this crisis.

It is also well acknowledged that New Zealand was well placed to build back up after the lockdown. Today, Moody's credit rating agency reaffirmed its highest Aaa credit rating for New Zealand, saying that our economy is expected to remain resilient, backed by the Government's strong fiscal management and our flexible economy. We encourage all employers to do as the Whangarei shipyard company has: hold on to your people. Give them the wage subsidy if you need to. Don't make rash decisions during this time, and have a plan for coming out the other side. I also expect all employers to work in good faith with their employees, and to follow employment law. Those laws have not been changed. Employment law stands, and we must all abide by it. Health and safety law still stands, and we must abide by that too.

Today, I can announce that the Government will be introducing legislation to make changes to the Companies Act, to help companies facing insolvency due to COVID-19 to remain viable and keep New Zealanders in jobs. The temporary changes include giving directors of companies facing significant liquidity problems because of COVID-19 a safe harbour from insolvency duties under the Companies Act; enabling businesses affected by COVID-19 to place existing debts into hibernation, on agreement of at least 50 percent of their creditors, until they are able to start trading normally again; and allowing the use of electronic signatures where necessary due to COVID-19 restrictions; and extending deadlines for company meetings and annual returns.

These measures support the Government's work to cushion the economic impact for New Zealand, and to support businesses and to protect jobs and incomes. They will also help increase certainty and provide practical assistance to business owners and directors, but they must not be seen as a workaround for the obligations that businesses have to creditors, or the responsibilities of directors to act in good faith. We know that, whether real or perceived, the threat of a director being held personally liable for a company's solvency problems will likely make them inclined to advise closing down a business. A safe harbour will help them keep trading rather than prematurely closing up, which will minimise disruption to the economy as much as possible.

The proposed move to place existing debts into hibernation will give businesses the space to talk to their creditors about prioritising paying some debts and deferring others for six months. The legislation to make these changes will be introduced to Parliament as soon as possible and will be retrospective to today.

It is inevitable that some businesses are going to go into liquidation, but these measures provide an accessible and pragmatic means of helping some businesses to weather the storm in a way that does as little harm as possible to their creditors' interests. And, again, I urge businesses to talk to creditors and banks and remind them about the Government's wage subsidy scheme and business finance scheme.

Any questions?

Media: How many businesses do you expect will go into liquidation?

Hon Grant Robertson: As this situation evolves, it's very, very difficult to be able to make an assessment like that. We certainly know that a number of businesses in New Zealand are under strain, but that's exactly why we've put in place things like the business loan guarantee scheme, the wage subsidy scheme, and now these initiatives to try to cushion that blow and give businesses the confidence to be able to keep trading.

I think one principle's important when we're thinking about this: if this was a good, functioning, solvent business going into COVID-19, it should be able to be a good, functioning, solvent business coming out of it. If people take that principled approach, we'll have a limited number of liquidations, but, of course, we can't rule out some.

Media: What about those with large debts? Isn't putting that on hold simply dragging out the inevitable, given the post-lockdown climate they will be entering?

Hon Grant Robertson: It's important that we think about what the situation is for those businesses going in. They need to be solvent businesses going in, they need to be ones that can prove the fact that they were in that position at the end of last year, in particular, so that we can have actual data and information that they have provided in the past to prove that they are businesses in that position. It's not a question about delaying the inevitable; it's about making a good judgment about what is a solvent business and the fact that there are trading opportunities for those businesses at the other end.

Media: [*Inaudible*] effectively trying to hit pause on the economy for as long as we're in lockdown?

Hon Grant Robertson: I wouldn't quite put it that way. What I would say is for those businesses who are facing a decision which they believe means they might need to look at

liquidation or they might believe that they are insolvent, to take a moment to pause and say do we need to do that. Having the safe harbour provision for six months means that they personally as directors feel confident about their liability issues, and having the possibility of, effectively, putting their debts into hibernation means that their creditors can understand what the plan is on the other side. So it's really about, for those businesses, not making a precipitous decision that they need to go into liquidation.

Media: Just to be clear: it's a six-month—six months which lifts at the end of that six-month period, and is there specific legislation required for the debt?

Hon Grant Robertson: For the debt, Patrick—is that? So there is specific legislation required to be able to look at what currently are sections 135 and 136, I think, of the Companies Act. The six-month does—it is a time limited facility, yes.

Media: You mentioned the [*Inaudible*], it's legislation, so it has to go through Parliament. Does this mean that it has the support of the Opposition? Have you spoken to him about this yet?

Hon Grant Robertson: Well, I can say that during the select committee hearing this week, this was one of the issues that was raised with me by Opposition members. This is a proposal that's had significant work done on it with the likes of the institute of directors and those who are involved in company administration, so I'm very confident it will get support.

Media: You spoke about good faith—you spoke about good faith operating there. Do you think Fletcher's has operated in good faith? They've given staff just 24 hours to consider pay cuts of up to 70 percent.

Hon Grant Robertson: Yeah, as I said yesterday when I answered this, Fletcher's have sought to access the wage subsidy scheme. The wage subsidy scheme requires that, at a minimum, they pass on the value of that. They have given a commitment that nobody, at any point in the plan that they're putting forward, would be being paid less than the wage subsidy scheme. In terms of the process that they've gone about this, they do have to consult with their employees. Clearly, there's an enormous amount of urgency and stress here, and I just urge Fletcher's and the unions to work together to make sure that employees feel they've got the time to consider the offer. I also just want to make the point that the first month of Fletcher's proposal—the period that we're in now—pays people at 80 percent. They have indicated a process for what would occur if they weren't able to start trading again. I'm very confident they will be able to do that in the near term.

Media: Have they consulted, though? Because they're telling staff: if you don't consent—and only giving them 24 hours—that they assume they have no objection to the job cuts.

Hon Grant Robertson: Look, as I say, I would just urge Fletcher's and the representatives of those employees—the relevant unions—to make sure they keep working together. The feedback I've had from most working people is that they want the security of income. That's what the wage subsidy is about. Different employers will have different ways of going about their consultation. I just urge them to keep working together to make sure they stay attached to their employer.

Media: Why hasn't the Government extended the six-month home loan deferral scheme to non-banks?

Hon Grant Robertson: Well, that's because that was an arrangement made between the New Zealand Bankers' Association, which represents the major banks in New Zealand, and the Government. Obviously, for those smaller banks and building societies and so on who are outside of that, they have the ability to undertake whatever schemes they like. But that will cover the vast majority of mortgage holders in New Zealand.

Media: Every single day, you, the Prime Minister, the Director-General of Health, the Police Commissioner tell us to stay at home, and yet the health Minister—and “Don't drive anywhere. Don't do any activities that could put other people at risk.” And then you've got

the health Minister driving to a mountain bike park and going for a mountain bike ride. Did he offer his resignation to the Prime Minister?

Hon Grant Robertson: No, he didn't, but he did apologise to the Prime Minister, and he understands that he needs to be leading by example. He didn't do that in this case, and that's why he has apologised.

Media: Should he have offered his resignation to the Prime Minister?

Hon Grant Robertson: No, I don't believe so. The Minister of Health provides a really important role, and it's one of the reasons we need him operating at full capacity as the Minister who's leading this health response.

Media: Why isn't he here with you and the Prime Minister, in your bubble, actually fronting this thing?

Hon Grant Robertson: He's available to front any time—he's available to front any time. He happens to be in Dunedin. He has a young family, and we all have to understand that, at this time, we're operating in a very different world. He's involved in every single Cabinet and Cabinet Committee meeting, and he has given interviews and he will continue to give interviews. So he—

Media: [*Inaudible*]

Hon Grant Robertson: He doesn't have to be here in Wellington to be able to perform that role.

Media: As the Minister of Sport and Recreation, would you have advised him against that?

Hon Grant Robertson: I certainly think it's important for the Minister of Health to be in a position where he doesn't put himself at any risk. He's got a very important role to play for us. Let's be clear: what we're saying to New Zealanders is we want you to stay at home. We know that you will want to go out for a walk and get some exercise—and we've been encouraging you to do that locally. Please only use your car or your vehicle when you need to, for essential services and essential trips. If you need to make a short car journey to get yourself to somewhere where you can do exercise, that's OK too, but please make sure that you limit those journeys.

Media: He's apologised to the Prime Minister. Should he apologise to the public?

Hon Grant Robertson: Well, I think all New Zealanders can take on board his apology.

Media: Do you think the guidelines need to be more prescriptive, though, or more precise around—because people's definitions of what is safe and what is local may differ, right?

Hon Grant Robertson: I think what we've learned over this period of time is that it's pretty difficult to be able to make a rule that fits for every single situation, and we continue to ask New Zealanders to use their common sense, to follow those very basic rules of making sure that you do stay home as much as you possibly can, that you limit your trips outside to local areas, you stay two metres apart from people—those basic rules apply, and I think most New Zealanders are getting that right. On this occasion, the Minister of Health didn't, and he's apologised for that.

Media: Is there a ruling about mountain biking, because it can be dangerous, can't it? And that then puts other people—emergency services—potentially at risk. Or, if someone goes off a track, they might need to go to hospital. That could further strain our hospitals in a situation where we need them as freed up as possible.

Hon Grant Robertson: And as I said before, we don't want the Minister of Health out mountain biking.

Media: But mountain biking, more generally, can you make a ruling about it? Because people are confused, should they be going mountain biking or not?

Hon Grant Robertson: Look, what we're saying is that people shouldn't put themselves in danger, and they shouldn't put other members of the public at risk by needing to come and help them out. We encourage people to get exercise, and we want them to do that locally.

Media: People wanting to access the KiwiSaver hardship withdrawal are having to pay for lawyers because justices of the peace are not working during the lockdown. They're needing money for hardship; they probably can't afford lawyers. What do you think of this, and will anything be done about it?

Hon Grant Robertson: This is an issue that's been raised a few times and we've been talking with the Ministry of Business, Innovation and Employment around how we can make that easier. You would have seen in the announcement I've made today around insolvency about the importance of using electronic signatures as a way through that. So these are issues that we need to talk through with MBIE to make sure that those kinds of facilities can be provided.

Media: Given you need legislation to make these changes, how soon can they take effect given Parliament's adjourned, and do you have a plan for making them take effect if indeed the adjournment is longer than currently slated?

Hon Grant Robertson: So, as I said, they will be retrospective back to today, whenever we can get the legislation through Parliament. We will try and do that as soon as we possibly can. If we come to a point where Parliament can't return in the near future, then we'll address that issue at that time.

Media: Can you clarify whether people who have recently returned from overseas and are at home for that 14 days, if they're allowed to go outside to exercise, and why is that advice different on the Ministry of Health website than the COVID-19 website?

Hon Grant Robertson: So what I can clarify, having spoken to the Director-General of Health, is that we want those people to be in effective personal self-isolation. So that means in that 14-day period they can go outside for a walk, but only on their own—they cannot be with other people, and they need to practice that self-isolation principle at an individual level. In terms of the different advice, I'm not in a position to be able to clarify that, but what I have just told you is what the Director-General of Health has told me.

Media: Will we see select committee hearings on this legislation, and, in particular, when are we likely to see the wording of that bill? I'm wondering whether—particularly with debt hibernation—whether there may need to be some quite specific wording that will guide banks in particularly as to how—

Hon Grant Robertson: Look there will be specific wording around that, obviously, and that's what would be the nature of the legislation. We would certainly make sure that any legislation was the subject of scrutiny, as we were discussing before, if Parliament's back that can happen through the normal select committee process; if we need to come up with a different process to make that work, then we will. But absolutely, it must be the subject of scrutiny.

Media: Plumbers are telling us that some non-essential work is happening at the moment, under the guise of essential work. Should there be a register or something to make sure that people aren't breaking the rules?

Hon Grant Robertson: Well, certainly, if people are concerned that there is workplaces undertaking work that isn't required as an essential service they should let us know that, and MBIE would no doubt be keen to hear from people about that. Early on in the period of level four, we did get a couple of examples of, for example, a company that was involved in repairing heaters and air conditioners and air conditioning units might have been using the fact that they had that job to do to go and do other things, we clamped down on that quickly. So if people have got examples of that, they should let us know.

Media: Ritchies and Go Bus drivers are being forced to take annual leave, despite the fact NZTA has given them full funding for full wages; they've seen no shortfall in funding levels due to COVID-19. Is this fair that this is happening?

Hon Grant Robertson: Well certainly we'd want those companies, if they're in receipt of Government funding and they're in receipt of the money they need to pay their wages that they should be passing those on. In terms of the legal position around annual leave, we discussed that here the other day—you can't be forced to take annual leave in order to, for instance, receive the wage subsidy scheme, but the law does say that if you give 14 days' notice to somebody you can ask them to take annual leave.

Media: The US has changed its official advice to urge people to wear masks outside of their homes. Is our Government considering doing the same?

Hon Grant Robertson: That's not a piece of advice that I've received. I know that there's a significant debate globally around the use of masks—there are very different opinions from different people. I'd encourage you to put that question to the Director-General of Health.

Media: [*Inaudible*] wearing masks if they leave their bubble?

Hon Grant Robertson: Well, a lot of people are, and that's a decision and a choice that people are making to do that. I'm not saying the Government's directing that, and I do think, Jenny, you should put those questions to the Director-General to get the opinion from health experts.

Media: So we'll be getting a plan on how we leave lockdown next week, and if we do get that plan can you assure us that the Government is fairly weighing the health implications of the lockdown with the economic implications and the health implications of those economic implications?

Hon Grant Robertson: I think that's a good and long and complicated question which has, at one level, a very simple answer, which is that the best and first way for the New Zealand economy to get back to normal is to take the public health approach that we're taking now. If we can get this virus under control that will be the best thing not only for our health but also for our economy. And if you look at countries around the world that have not moved as fast as we have to the kind of level four settings we have, they're now facing a longer period in lockdown and more restrictions on their economy.

I really do encourage people to look at the framework and look at the different levels, because that gives you a guide as to what it will take for us to be able to move out of level 4 and into other levels on the framework. I think too many people are seeing this as a binary decision between being in level 4 and somehow being back where we were six weeks ago. Look at the framework. Look at what the triggers are. Look at what will be possible under those, and make plans for that.

Media: Will we be seeing sort of things like more testing, surveillance testing, so that next week we can say, "Well, look, if we do 5,000 tests today and there's no community transmission, then perhaps we can move down to level 3." There doesn't appear that there's—I mean, I take your point about the 3 and 4 but it doesn't seem like there's a strategy to know when level 4's over, let alone if it is actually over.

Hon Grant Robertson: Well, the triggers—you can see some of them in that framework. For example, you've raised one of them: do we get on top of community transmission? We're working with the experts, with the epidemiologists, with our technical advisory group around what we can say definitively that the data is telling us, and that will then inform the decisions that we make. And I'm sure we will have more to say. It is really important for everyone to remember we're just one week in to the four-week period. We haven't got the data yet that will enable us to say, "Have we got on top of this virus? Have we got it under control?", but more of that data emerges every day, and then we'll be able to make decisions about moving back through the framework.

Media: What powers do police have to conduct checkpoints under a state of emergency?

Hon Grant Robertson: I presume they've got the same powers that they would have otherwise, but that would be a question you'd need to put to the Commissioner of Police.

Media: With your sports Minister hat on, why should NSOs who weren't meeting Sport New Zealand's KPIs not have their funding adjusted to reflect that?

Hon Grant Robertson: Well, I just think it's really important that we have certainty and continuity of funding for those sporting organisations. This is a period of time where we can't expect sporting organisations to meet their KPIs, many of which involve going out into schools and other places. So we took the decision to simply guarantee that funding through to June 2021 so those organisations can continue their work and continue to prepare for when we do move into different levels of the framework, where sport will go back—I hope—to playing its really important role in our physical and mental health.

Media: Just to follow on that for our sports theme: gaming machines, obviously, provide a large portion of sports revenue. With those machines currently out of action, what assurances can you give that sports will be able to access that revenue again?

Hon Grant Robertson: I've been talking to the Minister of Internal Affairs about the way in which the gaming trusts are working, because clearly there's been a significant decline in revenue through class 4 gambling. It will take some time to piece together what that package would look like, but we certainly understand the impact it's having on, particularly, community sport to not have access to that gaming trust funding. As I've said earlier today, we are looking at a sports recovery package, as we are in many, many other sectors, particularly for those parts of the sector who've been so adversely affected.

Media: Has the Government been in contact with Fisher & Paykel Healthcare or any other manufacturers to license the production of ventilators?

Hon Grant Robertson: Well, I do know that we've been working on how we continue to improve our access to ventilators, and we have had some success in getting more of those. I know that Rob Fyfe in his role working with the Government has been working on that, and Minister David Parker, as well. I don't have specific information about Fisher & Paykel, but I do know that we are working across the board, across the private sector, to increase the supply of ventilators.

Media: So that does encompass talking to these private companies and directly contracting them to produce ventilators for the New Zealand healthcare system?

Hon Grant Robertson: We're certainly working on ways that we can ensure New Zealand has the access—the maximum access—to ventilators, and, as I say, Mr Fyfe, working with Minister Parker, has been looking at our options to do that.

Media: That high-performance sport funding was retained today, but how concerned are you about the grassroots sports that are really struggling at the moment?

Hon Grant Robertson: Well, that's what the other part of the funding package today was about—was making sure that the national sporting organisations, the regional sports trusts, the national recreation organisations—they have security of funding, because they're the people that support community sport. Alongside that, and as part of other work we've got under way at the moment on a recovery package, is how do we look to support those community organisations who don't have access to the sponsorship or the gaming trust money or the lotteries money that they might have had in the past. So we've got to focus here on all ends of the spectrum. In terms of the high-performance sport funding, that was particularly important because those athletes now have to look a whole year ahead now to the Tokyo Olympics and the Paralympics, and we want to make sure they've got certainty about that.

Media: When do you expect to see a draft of legislation for the insolvency and debts [Inaudible]?

Hon Grant Robertson: As soon as possible. Obviously, we've given an indication today of what that legislation will contain. We will move to drafting as quickly as we possibly can. I'll just take a couple more.

Media: Going back to the bus drivers again, many of them are still on minimum wage. Should they be seeing a wage increase similar to that as, say, for example, the supermarket workers, reflecting the fact they are essential workers?

Hon Grant Robertson: Well, that'll be up to each company to decide, and the supermarket companies made a decision themselves to lift that pay. I think it's probably a good example of why the minimum wage increase this week was a good thing, because if those bus drivers are on it, as a result of the decisions the Government's made, they will lift at least to \$18.90 an hour.

Media: Just one more question from our sports department. Why are cuts not being made at High Performance Sport, and should the Government be asking for cuts there?

Hon Grant Robertson: High Performance Sport New Zealand continues to operate under the Government's funding contract that we've given it, and today we've rolled over the funding that it gives, in turn, to athletes. So I think everybody in that particular scenario is continuing to do their jobs and continuing to work, and it's important that they are able to do that. Thanks everyone.

conclusion of press conference