

COVID-19 Economic Package at a Glance

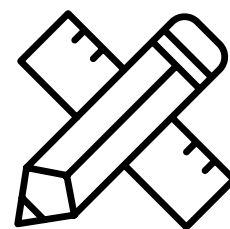
He Waka Eke Noa

We Are All Working Together

We are working across government, and particularly closely with the Reserve Bank, Ministry of Business, Innovation and Employment, the Ministry of Social Development, and Inland Revenue.

Our advice aims to cushion whanau and families, workers, businesses and communities against COVID-19's impacts, position New Zealand for recovery, and help us to reset and rebuild our economy to support long-term recovery.

Businesses are being helped by **\$2.8 billion** in business tax changes, including an increase in the provisional tax threshold, writing off interest on late tax payments, bringing forward R&D refundability and reintroducing depreciation charges for commercial buildings. An initial **\$600 million** is being spent on support for the aviation industry, to protect our supply chains, and a **\$900 million** low interest loan is being provided to Air New Zealand.



Keeping workers connected to their jobs:

An estimated **\$12.2 billion** wage subsidy scheme is helping to keep workers connected to their jobs. The scheme has rolled up an earlier sick leave scheme and has also been extended to provide sick leave for essential workers who are vulnerable, sick or otherwise unable to work, so they can isolate at home.



Health: An initial allocation of **\$500 million** was made to the health sector.

Māori and Pasifika: \$40 million of this funding has been directed to support Māori communities, along with a further \$16.5 million reprioritised from other funding sources. This package is aimed at helping cushion Māori communities and businesses from the health and economic impacts of the virus. A further \$17 million has been directed to bolstering the Pasifika health response.

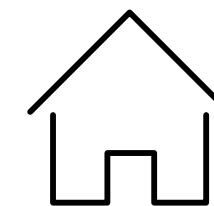
Tariffs on medical and hygiene imports needed for the pandemic response have been temporarily removed.

Businesses are being supported by a **\$6.25 billion** Business Finance Guarantee Scheme, with the government bearing 80% of the risk of these loans and banks the rest. Supporting this scheme, the RBNZ has introduced the Term Lending Facility for banks, providing low interest funding for up to three years.

Insulating our most vulnerable: A **\$2.8 billion** increase in benefit payments has lifted core benefit payments by \$25 (gross) per week, and doubled the winter energy payment (to \$1400 (gross) for couples, \$900 (gross) for singles). The In-Work Tax Credit threshold has been removed.

Community groups providing social services:

A **\$27 million** package is helping community groups to bolster essential services, support disabled people in lock-down, and strengthen local resilience.



Homeowners and small-medium sized businesses:

A support package for homeowners and businesses includes a six-month interest and principal payment deferral for mortgage holders and SMEs who have lost income because of the economic disruption caused by the virus. The RBNZ will help banks to put this scheme in place with appropriate bank capital rules.



Businesses facing insolvency due to COVID-19 are being supported to remain viable and keep people in jobs, through temporary "safe harbour" changes to the Companies Act. Other changes include being able to "hibernate" debts, allowing electronic signatures, and temporary extensions to filing deadlines and compliance requirements.

Businesses and particularly small-medium sized businesses affected by COVID-19 will also benefit from greater flexibility in statutory tax deadlines. Changes to the tax loss continuity rules, a tax loss carry-back scheme, measures to support commercial tenants and landlords, and further business consultancy support have also been announced.



TE TAI ŌHANGA
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More Treasury COVID-19 economic information and commentary at treasury.govt.nz/covid-19

More information on government initiatives at www.beehive.govt.nz

More information on government financial support at www.covid19.govt.nz