

The Treasury

COVID-19 Information Release

May 2020

This document has been proactively released by **Hon Grant Robertson, Minister of Finance**, and **Hon David Clark, Minister of Health**, on the Treasury website at

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Cabinet Document Details

Title: **Cabinet Minute: CAB-20-MIN-0090: COVID-19: Oral Update and Economic Impacts**

Date: **9 March 2020**

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Cabinet

Minute of Decision

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COVID-19: Oral Update and Economic Impacts

Portfolios **Finance / Health**

On 9 March 2020, Cabinet:

- 1 **noted** the update from the Minister of Health on the latest developments in respect of the COVID-19 outbreak;
- 2 **noted** the update from the Minister of Finance on the likely economic impacts of COVID-19;
- 3 **noted** that COVID-19 will, most likely, have a substantial and prolonged impact on the New Zealand economy;
- 4 **noted** that initial policy responses agreed by Cabinet have focussed on supporting directly affected regions and sectors of the economy, where there is clear evidence that impacts have already been felt;
- 5 **noted** that the economic impacts will likely broaden over time and impact households and firms across the economy, and that these effects will be exacerbated if major public health measures are required in response to an escalating domestic outbreak of COVID-19;
- 6 **directed** officials to develop further targeted firm support options for Cabinet decisions with priority on:
 - 6.1 a targeted wage subsidy scheme for workers in the most adversely affected sectors (including possible financial support for leave requested by employees as a result of public health directions);
 - 6.2 training and re-deployment options for affected employees; and
 - 6.3 targeted working capital support for firms that face temporary credit constraints;
- 7 **directed** the Treasury and Inland Revenue to continue developing tax policy options to support businesses to maintain operational continuity, with a priority on:
 - 7.1 more flexibility for small businesses by easing provisional tax requirements^[33]
 - 7.2 targeted relief to support affected businesses and maintain employment;
 - 7.3 support measures for business investment;

- 8 **directed** the Treasury and Ministry for Social Development to continue developing welfare policy options to support households to maintain incomes and labour market attachment, with a priority on:
- 8.1 employer support with regional and national targeting options;
 - 8.2 income relief programmes to provide temporary financial assistance for people who have lost their job or are unable to work due to COVID-19;
 - 8.3 community wellbeing requirements to provide support to vulnerable individuals and families;
- 9 **noted** that in providing further analysis for Cabinet decisions, officials will highlight the trade-offs involved in targeting or limiting the scope of these policy options, and the operational and legislative issues involved in implementing them in a timely fashion;
- 10 **noted** the Treasury’s advice that a substantial domestic recession is not the current prediction, but it is a possibility, and a large fiscal stimulus should be delivered if this scenario becomes more likely;
- 11 **directed** the Treasury to develop macroeconomic advice for the Minister of Finance that sets out options for an appropriate fiscal stimulus in preparation for decisions if the economic situation deteriorates further;
- 12 [1]
- 13 **directed** officials to expand this work to develop a “kick-start” programme to support sectors and businesses to re-engage with markets as the situation allows, including forms of market diversification.

Michael Webster
Secretary of the Cabinet

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Minister for Economic Development
Minister of Health
Minister for Social Development
Minister of Revenue