



COVID-19 NewsBrief – 11 May 2020

In the face of some very low numbers of new COVID-19 cases being reported each day, with only two in hospital and with the authorities now confident that they can trace the causes of those new cases with confidence, the PM announced today that the country will revert to Alert Level 2 with effect from Thursday 14 May.

In this NewsBrief we set out what we interpret this to mean for you and your business and we also provide some indication of how severe the lockdown has been for our economy.

As always, if you have any queries please do not hesitate to get in touch with us.

What Level 2 Means for You and Your Business

On Thursday the 14th retail stores, malls, cafes, restaurants, cinemas and other public spaces may re-open. We take this to mean that all businesses **other than** educational institutions and bars may re-open on Thursday but the PM emphasised the need to “play it safe”.

We understand this to mean we can go in-store and transact with people face to face but while still observing social distancing rules and hygiene protocols. It is likely that there will be requirements for manual registers to be maintained to facilitate contact tracing until an app is introduced.

Schools and ECE centres may re-open again on Monday the 18th and bars can do so on Thursday the 21st. It appears to us that bars that serve food and that are able to serve patrons who are seated can re-open this Thursday but those that do not serve food will have wait another week.

Inter-regional travel is now permitted on a non-essential basis, from this coming Thursday.

There is still strict control on the number of people who may gather and that is presently capped at 10. However, these limits will be subject to review in a fortnight's time and if the numbers of new COVID-19 cases remain low the limits will be relaxed.

We are both relieved and excited at the prospect of our clients being able to re-open their businesses, but we do urge everyone to exercise caution and to ensure that their employees have a safe working environment. At the risk of repetition, please make sure that you have clear documented health and safety policies and procedures in place and that your people are familiar with them.

Please do emphasise to all staff that they should not attend work if they are feeling ill and to seek medical assistance rather than being stoical. Employers should recognise that they have responsibilities in this context, not only to the staff member concerned, but to all the others and their families.

The issue of wearing a mask has been debated at great length and there does not appear to be any requirement that the wider population must wear masks while out and about or going to work. The general guideline is that if PPE was not required in a business pre-COVID-19 then there should be no

requirement for it to be used now. However, some staff may feel more comfortable with a mask and we recommend that in such instances that should be facilitated.

We recommend that all clients engage with their staff as soon as possible to articulate policies, processes and procedures to keep everyone safe and to ensure that the required hygiene protocols and social distancing conventions are practiced. Also, to make sure there are contact tracing methods in place.

We know that in re-opening a business it may take a few days or even weeks to get up to speed again. Please do remember that there are still government aid measures available and we expect to see more introduced as the economy gets moving again. We will continue to you keep you advised of any new measures, or if you have any queries about those already introduced, please do get in touch.

Shrinkage in Spending During Lockdown

Statistics New Zealand has released figures that show spending in New Zealand ground to a halt during April's Covid-19 lockdown - with the country spending \$2.6 billion less than normal as non-essential businesses shut temporarily during the lockdown.

Total retail sales fell \$2.6 billion (47 per cent) in April 2020, after adjusting for seasonal effects. This is the largest fall in both dollar terms and percentage change since the measurements began in 2002.

This drop is the equivalent of each person in the country spending about \$520 less in April than they did in March.

The April slowdown in spending was across all sectors. Furniture, hardware, and appliances (durables) led the charge, down just over \$1 billion (72 per cent) from March this year.

Hospitality sales, including accommodation, cafes and restaurants, had the next largest fall, down \$721 million (93 per cent). Much of that fall can be attributed to the absence of foreign tourists, but because locals could not go out as they normally would, that was also a contributory factor.

The restrictions on non-essential travel for the month, as well as lower prices at the pump saw spending on fuel drop \$291 million (60 per cent) compared with March.

Here is hoping that the wallets will be opened again and business can get back to the levels we saw before the virus arrived on our shores.

Economic Analysis

We undoubtedly have a long way to go yet and while there has been pain and suffering felt by a number of businesses it is reasonable to assume that there may more yet to come. Things may get worse before they get better, but we do expect government assistance to continue.

On 1 May the number of Jobseeker Support beneficiaries reached 184,000, which equates to around 6% of the estimated working-age population. Prior to COVID-19 lockdown measures having the effect that we have seen them to have on the economy, our unemployment rate was just above 4% but we are still faring better than many other economies.

Total wage subsidy payments have evidently reached \$10.6 billion, benefitting 1.7 million people.

We will see a very different budget on Thursday than what we would have expected even just a few weeks ago and we anticipate that the emphasis will be on recovery for the economy, with infrastructure projects and other public expenditure being fast-tracked. As soon as we are able, we will bring you our analysis of the budget.

For businesses that are feeling the pinch a little too tightly, there are measures available such as the business debt hibernation scheme and government loan packages.

We urge clients who are feeling a little overwhelmed to reach out sooner rather than later and to ask for help.

It is OK for businesses in distress to ask for help and there are tools available for them; we are just a phone call away.

At Ecovis KGA we're privileged to have a team of experts with in-depth knowledge to assist with many of the challenges which businesses are facing right now. Please remember the firm is fully operational and we are here to help in any way we can - we are just a phone call or email away.

This publication is not designed to provide legal or other advice and you should not take, or refrain from taking, action based solely on its content without first discussing matters with us.