



AGENDA

RĀRANGI TAKE

NOTICE OF MEETING OF THE

ECONOMIC DEVELOPMENT COMMITTEE

to be held on **Tuesday 14 July 2020** commencing at **3.00 pm** in the Council Chambers, 36 Weld Street, Hokitika and via Zoom

Chairperson: His Worship the Mayor

Members: Cr Davidson
Cr Keogan
Kw Madgwick

Cr Hart
Cr Martin
Kw Tumahai



In accordance with clause 25B of Schedule 7 of Local Government Act 2002, members may attend the meeting by audio or audiovisual link

Council Vision:

We work with the people of Westland to grow and protect our communities, our economy and our unique natural environment.

Purpose:

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

1. NGĀ WHAKAPAAHA APOLOGIES

(includes leave of absence notification)

2. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Group Manager: Corporate Services (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
- (a) the local authority by resolution so decides, and
 - (b) the presiding member explains at the meeting at a time when it is open to the public, –
 - (i) the reason why the item is not on the agenda; and
 - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, –
- (a) that item may be discussed at the meeting if –
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
 - (b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

4. NGĀ MENETI O TE HUI KAUNIHERA MINUTES OF MEETINGS

Minutes circulated separately via Microsoft teams

5. ACTION LIST (Page 5)

6. NGĀ TĀPAETANGA PRESENTATIONS

- Airport Master Plan – CEO Destination Westland
- Pensioner Housing Strategy Scope of Work – CEO Destination Westland
- Jobs for Nature – Verbal update from Mark Davies, Department of Conservation
- Upskill programme – Development West Coast
- PGF project funding update – Verbal update from Penny Bicknell
- Ghost Town Trail – Verbal Update from Kw Madgwick

7. PŪRONGO KAIMAHI STAFF REPORTS

- Appointment of Independent Committee Members (Pages 6 - 23)

8. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED

(to consider and adopt confidential items)

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

The general subject of the matters to be considered while the public are excluded, the reason for passing this resolution in relation to each matter and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Confidential Minutes – 19 May 2020	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason or withholding exists. Section 48(1)(a)

**DATE OF NEXT ECONOMIC DEVELOPMENT COMMITTEE MEETING
13 OCTOBER 2020
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

ECONOMIC DEVELOPMENT COMMITTEE – ACTION LISTING 14.07.2020

Date	Item	Action Required	Status	Lead Officer
21.01.20	NZTA	Invite the NZTA Transport Systems Manager to a future Council meeting to discuss the roading network in South Westland	Completed – Peter Conners and Colin Helm presented at the June council meeting.	Chief Executive
21.01.20	Development West Coast	Mayor and CE to meet with DWC regarding resilience for the region.	The Joint Committee has requested an action list update on Lifelines projects and the current working action list of Civil Defence team. To be raised at the next CEG meeting	Chief Executive
21.01.20	Hokitika Airport Terminal – upgrade	Application to be progressed	Tasked DW with re-scoping Airport application. Expected to be completed in early April. Included in “Shovel Ready Projects” applications and has been approved for funding.	Chief Executive
21.01.20	Hokitika Airport Masterplan	To be circulated to the Committee	Will invite CE DW to present at next committee meeting. <u>Presented 14 July 2020.</u>	Chief Executive
19.05.20	Independent Committee members	The Committee were in support of the concept and asked that the CE look at the requirements for the role and the process for selecting and appointing an Independent Committee member.	Report to committee for approval – <u>14 July 2020</u>	Chief Executive

Report



DATE: 14 July 2020
TO: Economic Development Committee
FROM: Chief Executive

APPOINTMENT OF INDEPENDENT COMMITTEE MEMBERS TO THE ECONOMIC DEVELOPMENT COMMITTEE

1 SUMMARY

- 1.1 The purpose of this report is for the committee to consider appointing independent committee members to the Economic Development Committee (EDC).
- 1.2 This issue arises out the impacts of COVID-19 on the Westland District and the need to ensure our road to recovery is built on sound business reasoning and underpinned by strategic planning.
- 1.3 Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by Council as part of the Long Term Plan 2018-28.
- 1.4 This report concludes by recommending that Council approve the appointment of Jo Bernie (Economic Development Manager, DWC), Peter Cuff (Chair of Westroads) and Joanne Conroy (Chair WHL & Destination Westland) to the Economic Development Committee as independent committee members and instructs the Chief Executive to modify the committee Terms of Reference to reflect the changes.

2 BACKGROUND

- 2.1 The EDC was endorsed as part of the Structure of Council Committees on the 24th October 2019.
- 2.2 The Terms of Reference for the EDC was adopted on the 21st Jan 2020

- 2.3 The Economic Development Committee met on the 19th May 2020 and asked that the CE look at the requirements for the role and the process for selecting and appointing an Independent Committee member.

3 CURRENT SITUATION

- 3.1 The current committee is made up of his worship Mayor Bruce Smith, Cr Martin, Cr Keogan & Cr Hart.
- 3.2 The impact of COVID-19 on the entire economy of New Zealand has been dramatic. In April, the NZ Activity Index was down 19% compared to the same month last year. In May, the index partially bounced back but remained 6.5% below its 2019 level. The rebound was largely driven by recoveries in card spending and traffic movements, which all increased more than 80% from their April lows.
- 3.3 Just over 10,000 people were receiving the COVID-19 Income Relief Payment (CIRP) as of 26 June, up 3,600 on the previous week. The number of Jobseeker Support recipients increased by 700, even as more people transferred onto the CIRP. The total number of people receiving income support (Jobseeker and CIRP) is now 201,000 – up 4,300 on the previous week and more than 50,000 since March.
- 3.4 See Appendix 1 for further Impact Indicators due to COVID-19.
- 3.5 There are a number of initiatives that have been announced by the government to help stimulate the economy post-COVID – see Appendix 2 for details.

4 OPTIONS

- 4.1 Option 1: To include three new independent committee representatives – being the Chairs of our CCO's and the Economic Development Manager of Development West Coast.
- 4.2 Option 2: Retain the status quo in Committee membership.

5 SIGNIFICANCE AND ENGAGEMENT

- 5.1 In accordance with Council's policy on Significance and Engagement the decision is of interest to the community however does not require consultation.

6 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

- 6.1 Option 1: To ensure council can take advantage and leverage any opportunity that is coming either from government ministries or via the private market we need to ensure we have the correct skill set around the table when considering potential opportunities.

Including people with the correct skill sets to ensure we can evaluate an opportunity carefully and with due diligence will ensure we can proceed with confidence with future actions.

Also including the chairs of our CCO's to ensure there is some alignment in strategy will increase confidence in the future direction of our CCO's.

Including representation from Development West Coast (DWC) will also provide further insight from a regional perspective plus provide additional resource support when considering business cases.

There are no financial implications as these positions are not remunerated.

- 6.2 Option 2: Maintaining status quo may not provide enough oversight of what opportunities are available and these opportunities may be missed or delayed in execution.

7 PREFERRED OPTION AND REASONS

- 7.2 The preferred option is Option 1. This allows council to optimise the knowledge base of skilled independent individuals when reviewing and forming strategy and business opportunities. The types of skills the three individuals bring to the table are governance, financial acumen, property management, stakeholder engagement, building & construction, mergers and acquisitions, project/programme management, human resources and change management.

8 RECOMMENDATION

- A) **THAT** Council approve the appointment of Jo Bernie (Economic Development Manager, DWC), Peter Cuff (Chair of Westroads) and Joanne Conroy (Chair WHL & Destination Westland) to the Economic Development Committee as independent committee members and instructs the Chief Executive to modify the committee Terms of Reference to reflect the changes.

Simon Bastion
Chief Executive

Appendix 1: Treasury - Weekly Economic Update 03 July 2020

Appendix 2: Treasury - Covid Business Support

Weekly Economic Update

3 July 2020

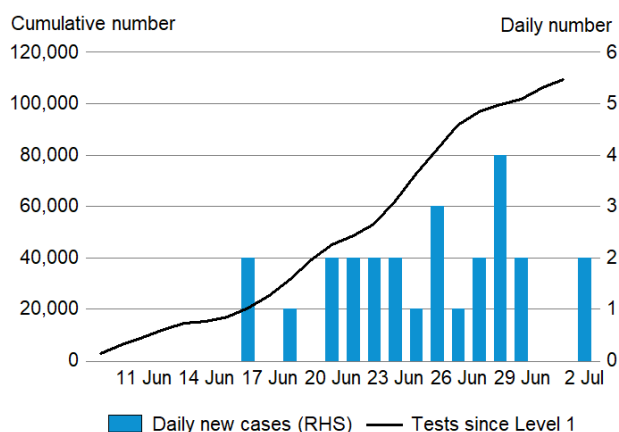
New cases of COVID-19 continue to be reported in managed isolation facilities, with no evidence of community transmission. A new index of economic activity shows a partial recovery in May, though income support continues to increase. Consumer and business confidence lifted in June, but remain well below their historical averages. The total number of filled jobs partially recovered in May following significant losses in April, and building consents rebounded.

In the United States, the pace of the recovery continued to surprise markets and in China, the pace of expansion quickened. Elsewhere, the data were less positive, with large falls in industrial production in Japan and Korea as global demand for new cars slumped, and renewed lockdown measures imposed in parts of Melbourne, Australia.

Still no cases of community transmission...

More cases of COVID-19 have been reported in managed isolation facilities this week, though there remains no evidence of community transmission. There are now 18 active cases in New Zealand, all of which recently returned from overseas and are in managed isolation. Over 100,000 tests have been carried out since the country moved to Alert Level 1 (Figure 1).

Figure 1: COVID-19 cases and testing at Alert Level 1



Source: Ministry of Health

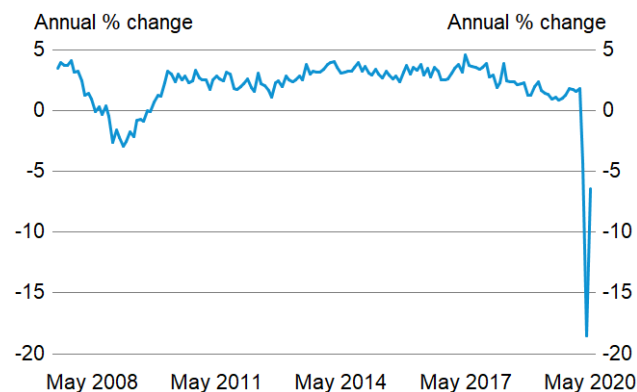
...and a new activity index shows a partial recovery in May...

The NZ Activity Index (NZAC), developed by staff at the Treasury, Stats NZ and RBNZ, was launched on Tuesday (Figure 2). The index summarises changes in eight monthly indicators – including card spending, traffic movements, unemployment and business confidence – to provide a timely signal of activity in the economy. The data used in the index is available on the Stats NZ COVID-19 data portal.

Though not intended to be an estimate of GDP, NZAC provides a timelier read on movements in the economy than official statistics, and will be updated monthly. A simple plot of NZAC against GDP shows that they do correlate well for long periods of time, but they also diverge from each other at times.

In April, the index was down 19% compared to the same month last year. In May, the index partially bounced back but remained 6.5% below its 2019 level. The rebound was largely driven by recoveries in card spending and traffic movements, which all increased more than 80% from their April lows.

Figure 2: NZ Activity Index



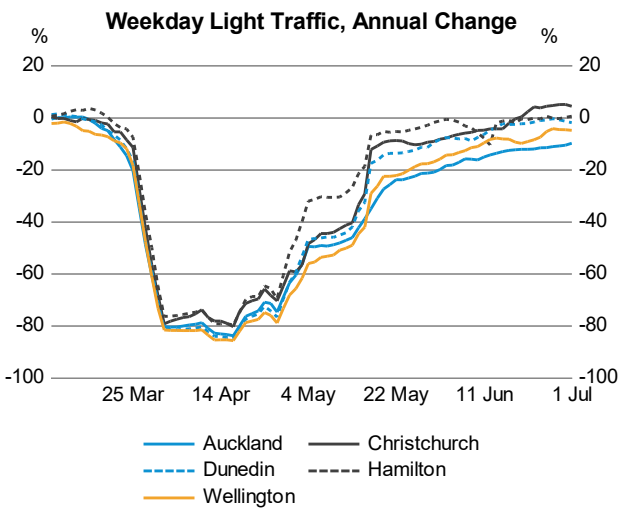
Source: Treasury, Stats NZ and RBNZ

...though income support continues to rise

Just over 10,000 people were receiving the COVID-19 Income Relief Payment (CIRP) as of 26 June, up 3,600 on the previous week. The number of Jobseeker Support recipients increased by 700, even as more people transferred onto the CIRP. The total number of people receiving income support (Jobseeker and CIRP) is now 201,000 – up 4,300 on the previous week and more than 50,000 since March.

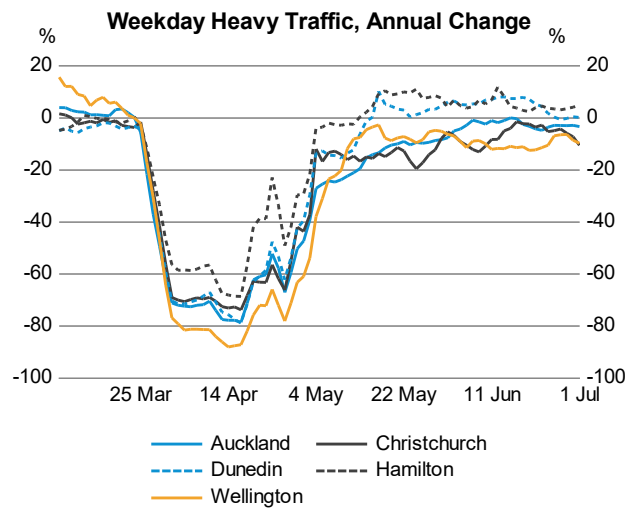
High-Frequency Indicators

Traffic Movement



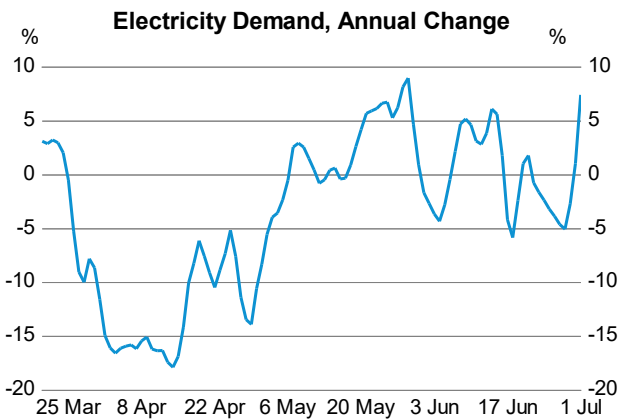
Source: Waka Kotahi NZ Transport Agency

Freight Movement



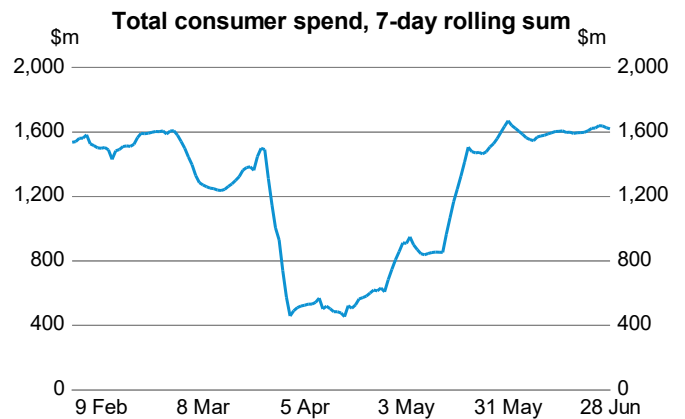
Source: Waka Kotahi NZ Transport Agency

Electricity Demand



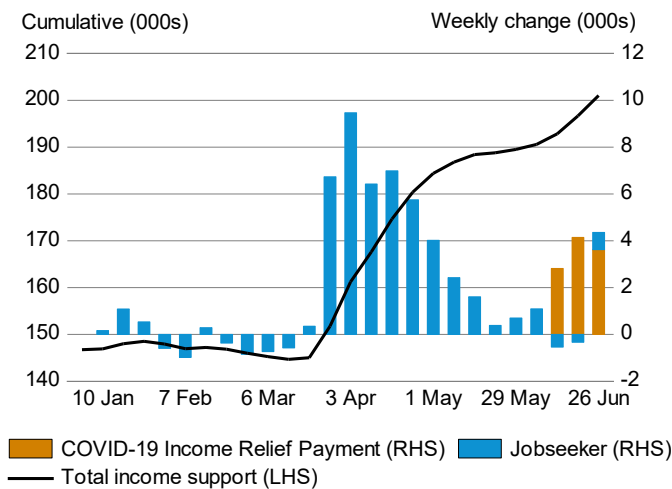
Source: Electricity Authority

Retail Spending



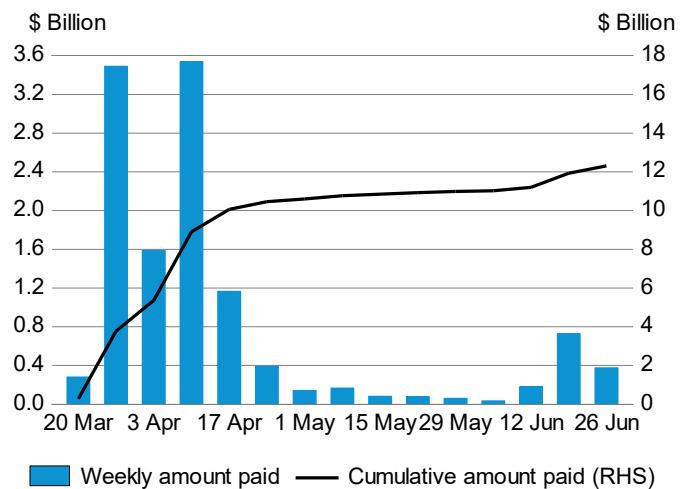
Source: Paymark and Verifone data via Data Ventures

Jobseeker and Income Support Recipients



Source: MSD

Fiscal Support: Wage Subsidy (paid)

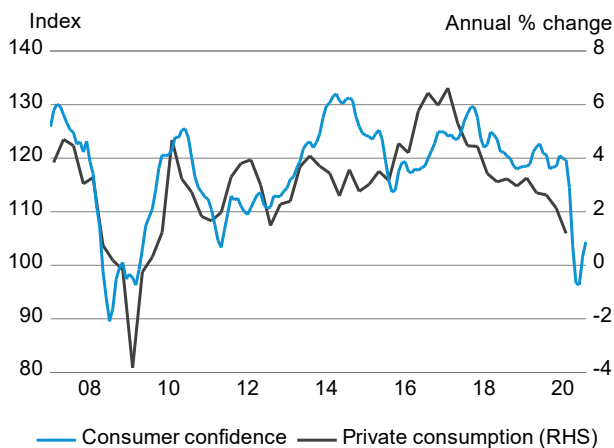


Source: MSD

Further improvement in consumer confidence...

Consumer confidence rose another 8 points, in June to 104.5 (Figure 3) in the ANZ-Roy Morgan Consumer Confidence Survey, but remains well below its historical average.

Figure 3: Confidence and private consumption



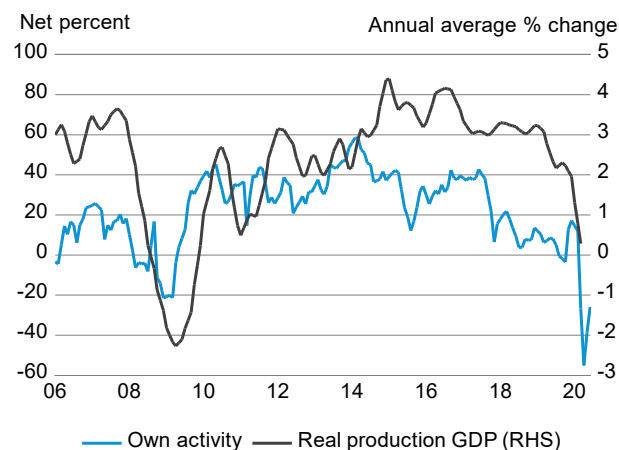
Source: ANZ, Stats NZ

Consumers' perceptions about their current financial situation lifted 4 points with a net 32% of consumers now reporting they are better off financially than this time last year. Perceptions regarding next year's economic outlook rose 9 points but remains low at -37%. The 5-year outlook fell 5 points to 19%. Expectations around house price inflation rose to 0.9% however remain negative in the South Island reflecting its tourism exposure. General inflation expectations were unchanged at 2.9%. We expect rising unemployment and lower household incomes to limit the pace of recovery in confidence in the next few quarters.

...and business confidence remains stable

In the ANZ Business Outlook Survey, headline business confidence remained largely unchanged from the preliminary June read at -34%, an improvement from -42% in May. Firms' views of their own activity rose as well, with a net 26% expecting conditions to deteriorate, compared to 39% in the May reading (Figure 4). Expected activity rose most in the retail sector and is most negative in the construction sector. While the improvement is significant, the outlook remains at levels typically seen in a recession. Nearly half of respondents intend to reduce staff numbers and a similar proportion have already reduced numbers over the past year.

Figure 4: ANZ Business Outlook and GDP



Source: ANZ, Stats NZ

Investment intentions are recovering more quickly than employment intentions although profitability expectations remain very weak across all sectors.

Filled jobs recover partially...

The total number of filled jobs rose 0.8% in May, following a 1.6% fall in April. People in the 15-24-year-old age group were most severely impacted by job losses in April and have recovered more slowly in May than other age brackets. The rise in filled jobs is consistent with the improvement in other activity indicators, reflecting the move to less restrictive alert levels. However, the wage subsidy scheme will still be insulating the labour market from what would otherwise have been greater job losses, and as the scheme phases out, further job losses are expected. We expect the unemployment rate to peak in the September quarter.

...and building consents rebound

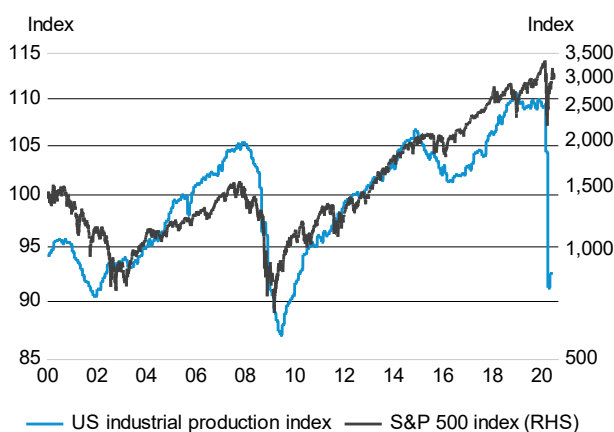
The number of new homes consented rose 36% in May, following a 9.9% fall in April, but the number of consents issued annually eased further from the 45-year high recorded in February. Consents for stand-alone houses rose just over 16% while multi-unit dwelling consents rose by 67% from April. However, it should be noted that these increases come after a very weak period due to lockdown measures. Furthermore, processing delays relating to lockdown measures mean that some of this month's numbers could reflect consents submitted weeks or months ago, so at this stage it is unclear how much of the bounce back is attributable to timing. We expect that heightened uncertainty levels and reduced demand from a combination of lower incomes and net migration should see consent issuance ease to a lower level over the year ahead.

Equities continue to rise...

At a time where the global economy is in the worst recession in living memory, equities in the S&P500 index had their best quarter since 1998. The third quarter has commenced with further rises in equities. On the economic side, the latest data confirm that the worst is behind. The J.P. Morgan global manufacturing PMI rose 5.4 points in June, pointing to additional momentum for the ongoing rebound in global activity – even as the level, at 47.8, would historically suggest a modest contraction in global industrial production for June.

Nevertheless, a large gap has emerged between equities and fundamentals and whether it closes through higher production or a correction in equities is unclear (Figure 5).

Figure 5: Equities and industrial production



Source: Haver

...buoyed by better data in the US...

In the United States (US), the ISM Performance of Manufacturing Index (PMI) returned to an expansionary reading of 50 in June, a month after moves by states to reopen nonessential activity. June's 9.5 point rise was the largest since August 1980 and a fair bit above the consensus (49.8). It was also in keeping with Citigroup's US economic surprise index, which has surged recently to a record high, reflecting the positive run of data as economists have been overly pessimistic about the rebound in activity indicators post-lockdown.

However, Fed Chair Jerome Powell observed there were further challenges ahead "notably, the need to keep the virus in check". Anthony Fauci, director of the US National Institute of Allergy and Infectious Diseases, warned US virus cases could reach 100,000 per day, with media reports of hospitals in parts of Texas and Arizona operating at near-full capacity.

...and China

China has recovered earlier than the rest of the global economy, and the latest PMI data for China point to further expansion as the June NBS manufacturing output PMI rose another 0.7-pts to 53.9. The improvement signals a further rebound in domestic activity, backed by policy supports, and the non-manufacturing PMI gained 0.8-pts to 54.4. Meanwhile, external sector drags have eased as the manufacturing new export orders PMI leapt 7.3-pts to 42.6 in June. However, labour market normalization appears to be more gradual as the employment component dipped 0.3-pts to 49.1 for manufacturing and rose 0.2-pts to 48.7 for non-manufacturing.

But production slumps in Japan, Korea...

In Japan, industrial production dropped -8.4% from May (April: -9.8%), the first four-month run of lower output since the global financial crisis (October 2008 – February 2009), reflecting a plunge in exports due to lockdowns in major US and European cities and constraints on supply under the Japanese government's emergency declaration (7 April to 25 May). Industrial production in South Korea also plunged, down 6.7% from April, with auto production particularly hard-hit.

In the euro zone, the manufacturing PMI was revised up to 47.4 (vs 46.9 in the flash estimate), rising by 8pts since May but remaining below the expansionary threshold of 50. Although France was the strongest at 52.3 (Germany the weakest at 45.2), Finance Minister Bruno Le Maire said that the French economy is set to contract 11% this year due to the coronavirus crisis instead of the 8% assumption used in the previous budget.

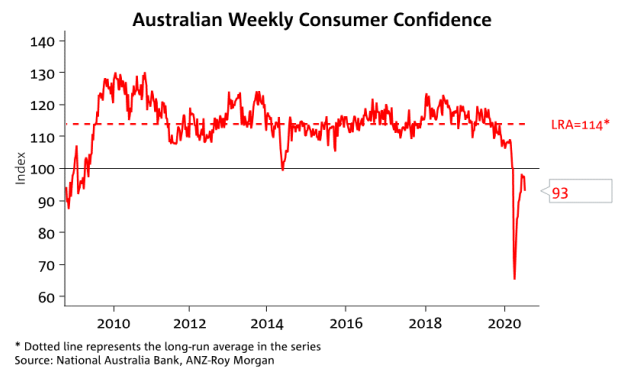
...and lockdowns reinstated in Victoria, Australia

Victoria reinstated Stage 3 restrictions on 10 postcodes in Melbourne's north and northwest (encompassing more than 300,000 people), until 29 July. The state reported 64 cases on Tuesday, after 75 cases on Monday. Cafes and restaurants in hotspot suburbs will be only takeaway, with Victoria offering affected businesses a AUD\$5000 grant. Victoria will divert all international flights for two weeks to fix issues with hotel quarantine, after a genomics study revealed strong links between recent spread and outbreaks amongst security guards. SA and WA will hold off on reopening borders, while Queensland will reopen to all states except Victoria on 10 July.

Australia's relative success in containing the virus to date, along with large government assistance had seen a relatively sharp recovery in consumer and business confidence.

However, recently confidence has dipped (Figure 6), most likely reflecting the impact from the recent rise in the virus in Victoria. A further deterioration seems likely, but it is unclear whether the rise in infections will have a more lasting impact on confidence in Victoria. In the short-run, the virus pickup and renewed restrictions will see Victoria lag the recovery in other states and, with some interstate borders likely to remain closed for longer, slowing a recovery in domestic tourism. Victoria contributes around 25% of total Australian GDP.

Figure 6: Consumer Confidence



Meanwhile, dwelling prices fell by 0.8% across the eight capital cities in June and annual growth eased to 8.9%. Weekly ABS payrolls data show a 1% rise in payroll jobs over the four weeks to mid-June, with almost one in three of the jobs lost having recovered over the past two months.

Date	Key NZ Data	Previous
6 July	ANZ Commodity Prices	-0.1% (mpc)
7 July	Quarterly Survey of Business Opinion	-67% (net)
10 July	Electronic Card Transactions	- 13% (apc)

Quarterly Indicators		2018Q4	2019Q1	2019Q2	2019Q3	2019Q4	2020Q1
Real Production GDP (1)	qpc	1.0	0.4	0.1	0.8	0.5	-1.6
	aapc	3.2	3.1	2.9	2.7	2.3	1.5
Current account balance (annual)	%GDP	-3.8	-3.6	-3.4	-3.3	-3.0	-2.7
Merchandise terms of trade	apc	-4.8	-1.9	-1.0	0.9	7.1	5.3
CPI inflation	qpc	0.1	0.1	0.6	0.7	0.5	0.8
	apc	1.9	1.5	1.7	1.5	1.9	2.5
Employment (HLFS) (1)	qpc	0.1	-0.1	0.6	0.2	0.1	0.7
Unemployment rate (1)	%	4.3	4.1	4.0	4.1	4.0	4.2
Participation rate (1)	%	70.7	70.3	70.3	70.4	70.1	70.4
LCI salary & wage rates - total (2)	apc	1.9	2.0	2.1	2.5	2.6	2.5
QES average hourly earnings - total (2)	apc	3.1	3.4	4.4	4.2	3.6	3.6
Core retail sales volume	apc	5.0	3.9	3.6	5.4	3.3	4.0
Total retail sales volume	apc	3.5	3.3	2.9	4.5	3.3	2.3
WMM - consumer confidence (3)	Index	109.1	103.8	103.5	103.1	109.9	104.2
QSBO - general business situation (1,4)	net%	-22.6	-26.5	-32.0	-38.1	-27.7	-67.3
QSBO - own activity outlook (1,4)	net%	14.3	6.3	-3.7	-0.6	5.3	-12.7

Monthly Indicators		Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
Merchandise trade balance (12 month total)	NZ\$m	-3927	-3283	-3383	-2405	-1327	...
Dwelling consents - residential	apc	2.7	6.0	-8.3	-16.8	-4.6	...
House sales - dwellings	apc	7.7	13.4	2.7	-77.5	-46.6	...
REINZ - house price index	apc	6.9	8.5	9.1	8.6	7.9	...
Estimated net migration (12 month total)	people	67107	72027	78185	76555	...	...
ANZ NZ commodity price index	apc	7.7	6.6	5.8	0.9	-2.6	...
ANZ world commodity price index	apc	5.1	0.1	-5.8	-9.2	-9.3	...
ANZBO - business confidence	net%	...	-19	-64	-67	-42	-34
ANZBO - activity outlook	net%	...	12	-27	-55	-39	-26
ANZ-Roy Morgan - consumer confidence	net%	123	122	106	85	97	105

Daily Indicators		Wed 24/6/20	Thu 25/6/20	Fri 26/6/20	Mon 29/6/20	Tue 30/6/20	Wed 1/7/20
NZ exchange and interest rates (5)							
NZD/USD	\$	0.6477	0.6415	0.6432	0.6431	0.6426	0.6462
NZD/AUD	\$	0.9330	0.9344	0.9342	0.9354	0.9340	0.9353
Trade weighted index (TWI)	index	71.7	71.3	71.4	71.5	71.4	71.7
Official cash rate (OCR)	%	0.25	0.25	0.25	0.25	0.25	0.25
90 day bank bill rate	%	0.30	0.30	0.30	0.31	0.30	0.30
10 year govt bond rate	%	0.97	0.94	0.95	0.91	0.91	0.93
Share markets (6)							
Dow Jones	index	25446	25746	25016	25596	25813	25735
S&P 500	index	3050	3084	3009	3053	3100	3116
VIX volatility index	index	33.8	32.2	34.7	31.8	30.4	28.6
AU all ords	index	6082	5928	6012	5916	6001	6041
NZX 50	index	11259	11124	11129	11253	11451	11350
US interest rates							
3 month OIS	%	0.08	0.08	0.08	0.08	0.08	...
3 month Libor	%	0.28	0.31	0.31	0.30	0.30	...
10 year govt bond rate	%	0.69	0.68	0.64	0.64	0.66	0.69
Commodity prices (6)							
WTI oil	US\$/barrel	38.01	38.72	38.53	39.67	39.27	39.82
Gold	US\$/ounce	1766	1757	1748	1772	1768	...
CRB Futures	index	361	362	359	359	360	...

(1) Seasonally Adjusted

(2) Ordinary time, all sectors

(3) Westpac Mcdermott Miller

(4) Quarterly Survey of Business Opinion

(5) Reserve Bank (11am)

(6) Daily close

Data in Italic font are provisional

... Not available

Country	Indicator		Nov 19	Dec 19	2019Q4	Jan 20	Feb 20	Mar 20	2020Q1	Apr 20	May 20	Jun 20
United States [9.6% share of total goods exports]	GDP (1)	qpc			0.5				-1.3			
	Industrial production (1)	mpc	0.9	-0.4		-0.4	0.1	-4.6		-12.5	1.4	...
	CPI	apc	2.1	2.3		2.5	2.3	1.5		0.3	0.1	...
	Unemployment rate (1)	%	3.5	3.5		3.6	3.5	4.4		14.7	13.3	...
	Employment change (1)	000s	261.0	184.0		214.0	251.0	-1373.0		-20687.0	2509.0	...
	Retail sales value	apc	3.3	5.6		4.9	4.5	-5.6		-19.9	-6.1	...
	House prices (2)	apc	2.6	2.8		3.1	3.5	3.9		4.0	...	...
Japan [6.1%]	PMI manufacturing (1)	index	48.1	47.8		50.9	50.1	49.1		41.5	43.1	52.6
	Consumer confidence (1)(3)	index	126.8	128.2		130.4	132.6	118.8		85.7	85.9	98.1
	GDP (1)	qpc			-1.9				-0.6			
	Industrial production (1)	mpc	-0.6	0.2		1.9	-0.3	-3.7		-9.8	-8.4	...
	CPI	apc	0.5	0.8		0.6	0.5	0.4		0.2	0.0	...
	Unemployment rate (1)	%	2.2	2.2		2.4	2.4	2.5		2.6	2.9	...
	Retail sales value	apc	-2.1	-2.6		-0.4	1.6	-4.7		-13.9	-12.3	...
Euro area [5.5%]	PMI manufacturing (1)	index	48.9	48.4		48.8	47.8	44.8		41.9	38.4	40.1
	Consumer confidence (1)(4)	index	38.7	39.0		39.2	38.2	31.1		21.3	24.1	28.5
	GDP (1)	qpc			0.1				-3.6			
	Industrial production (1)	mpc	-0.5	-1.7		1.9	-0.1	-11.9		-17.1	...	...
	CPI	apc	1.0	1.3		1.4	1.2	0.7		0.3	0.1	...
	Unemployment rate (1)	%	7.4	7.3		7.3	7.2	7.1		7.3	...	...
	Retail sales volume	apc	2.5	1.9		2.2	2.6	-8.8		-19.6	...	...
United Kingdom [2.7%]	PMI manufacturing (1)	index	46.9	46.3		47.9	49.2	44.5		33.4	39.4	47.4
	Consumer confidence (5)	index	-7.2	-8.1		-8.1	-6.6	-11.6		-22.0	-18.8	-14.7
	GDP (1)	qpc			-0.0				-2.2			
	Industrial production (1)	mpc	-1.1	-0.2		-0.1	-0.1	-4.2		-20.3	...	...
	CPI	apc	1.4	1.3		1.8	1.7	1.5		0.8	0.6	...
	Unemployment rate (1)	%	3.8	3.8		3.9	4.0	3.9		3.9	...	...
	Retail sales volume	apc	0.6	0.7		0.9	0.0	-6.0		-22.7	-13.2	...
Australia [15.8%]	House prices (6)	apc	0.8	1.4		1.9	2.3	3.0		3.7	1.8	-0.1
	PMI manufacturing (1)	index	48.9	47.5		50.0	51.7	47.8		32.6	40.7	50.1
	Consumer confidence (1)(5)	index	-8.8	-7.1		-6.5	-6.2	-8.2		-22.7	-23.7	-21.0
	GDP (1)	qpc			0.5				-0.3			
	CPI	apc			1.8				2.2			
	Unemployment rate (1)	%	5.1	5.1		5.3	5.1	5.2		6.4	7.1	...
	Retail sales value	apc	3.2	2.4		2.2	5.7	9.4		-8.9	...	...
China [24.3%]	House Prices (7)	apc			2.8				8.1			
	PMI manufacturing (1)	index	48.1	48.3		45.4	44.3	53.7		35.8	41.6	51.5
	Consumer confidence (8)	index	97.0	95.1		93.4	95.5	91.9		75.6	88.1	93.7
	GDP	apc			6.0				-6.8			
	Industrial production	apc	6.2	6.9		-13.5	-13.5	-1.1		3.9	4.4	...
	CPI	apc	4.5	4.5		5.4	5.2	4.3		3.3	2.4	...
	PMI manufacturing (1)	index	50.2	50.2		50.0	35.7	52.0		50.8	50.6	50.9
South Korea [3.0%]	GDP (1)	qpc			1.3				-1.3			
	Industrial production (1)	mpc	0.5	3.6		-1.5	-3.7	4.9		-6.7	-6.7	...
	CPI	apc	0.2	0.7		1.5	1.1	1.0		0.1	-0.3	...

(1) Seasonally adjusted

(2) Case-Shiller Home Price Index 20 city

(3) The Conference Board Consumer Confidence Index

(4) Cabinet Office Japan

(5) European Commission

(6) Nationwide House Price Index

(7) Australian Bureau of Statistics

(8) Melbourne/Westpac Consumer Sentiment Index



Government support for businesses recovering from COVID-19

WAGE SUBSIDY EXTENSION

helps businesses still significantly impacted by COVID-19 to keep employees >>

CONSULTANCY SUPPORT

helps businesses understand and manage COVID-19 impacts and plan for recovery >>

SMALL BUSINESS CASHFLOW LOAN

helps businesses manage cashflow with a quick, low-cost loan >>

BUSINESS FINANCE GUARANTEE SCHEME LOANS

available through participating banks to provide for businesses' operating cashflow needs >>

TEMPORARY TAX LOSS CARRY-BACK

helps businesses with cashflow by using tax losses to offset prior-year profit >>

BUSINESS DEBT HIBERNATION

allows businesses affected by COVID-19 disruptions to place their existing debts on hold while they recover >>



PEOPLE



PROPERTY

How can we support your business recovery?

Follow the links for detailed eligibility information and to apply.



CASH FLOW



TAX

COMMERCIAL PROPERTY LAW CHANGES

help commercial tenants and landlords to keep leases in place through recovery >>

TAX ADMINISTRATION ACT CHANGES

helps businesses with cashflow and stability through more flexible tax requirements >>

R&D TAX INCENTIVE

helps businesses retain their R&D capability during the COVID-19 disruptions and receive a tax credit more quickly >>

DEPRECIATION TAX DEDUCTIONS

helps businesses with cashflow and reinvestment by increasing the low-value asset threshold and allowing deductions for commercial and industrial buildings >>

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WAGE SUBSIDY EXTENSION

helps businesses still significantly impacted by COVID-19 to keep employees



What it provides	Eligible employers (including sole traders and self-employed) can receive the Wage Subsidy Extension payment for up to eight weeks: <ul style="list-style-type: none">• \$585.80 for each employee working 20 hours or more per week• \$350 for each employee working less than 20 hours per week
Am I eligible?	To receive Wage Subsidy Extension payments, your business must: <ul style="list-style-type: none">• Be registered (except sole-traders) and operating in New Zealand• Employ people legally working in New Zealand• Have experienced a minimum 40% decline in revenue for a continuous 30-day period in the 40 days immediately preceding your wage subsidy extension application, as a result of COVID-19 (pre-revenue research and development start-up businesses can include a drop in projected capital income when determining a 40% decrease in revenue)• Have taken steps to mitigate the financial impact of COVID-19, including engaging with your bank• Keep on the workers named in your application while the subsidy is being paid
What are my obligations?	<ul style="list-style-type: none">• Employers are urged to pay employees at least 80% of their normal wages or salary• Employers must pay their employees all the subsidy received• If an employee's normal wages or salary are less than the subsidy, employers must repay any excess which cannot be used to meet other employees' wages• For information about the tax treatment of the wage subsidy, see: https://www.ird.govt.nz/covid-19/business-and-organisations/employing-staff/wage-subsidies
How do I find out more?	Visit the Work and Income website: workandincome.govt.nz/covid-19 Existing staff you can no longer employ may be eligible for the COVID Income Relief Payment. You can help them access this and other support available through Work and Income using the link above.

CONSULTANCY SUPPORT

helps businesses understand and manage COVID-19 impacts and plan for recovery



What it provides	Businesses can access advice and resources on business continuity planning, finance and cashflow management, HR issues, and sector-specific issues in some cases. <ul style="list-style-type: none">• The Regional Business Partner Network growth advisers in your region can help you navigate to find the right support. Free webinars are available and business mentoring can be found via Business Mentors New Zealand• Helplines run by the Employers and Manufacturers Association and the Canterbury Employers' Chamber of Commerce also have additional funding to provide more support
Am I eligible?	To access support, contact your Regional Business Partner Network or providers to discuss your needs.
How do I find out more?	Visit the Regional Business Partner Network website: regionalbusinesspartners.co.nz Visit the EMA COVID-19 website: covid19.ema.co.nz Visit the Canterbury Employers' Chamber of Commerce website: cecc.org.nz For Tourism Advisory Support Services, visit the Qualmark website: qualmark.co.nz

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SMALL BUSINESS CASHFLOW LOAN

helps businesses manage cashflow with a quick, low-cost loan



What it provides	<p>Eligible businesses and organisations (including sole traders and self-employed) can apply for a one-off, five-year loan. The scheme has been extended to enable applications up to and including 24 July.</p> <ul style="list-style-type: none">• Maximum loan amount is \$10,000 plus \$1,800 per full-time-equivalent employee, to a maximum total loan of \$100,000.• Sole traders can receive a loan of up to \$11,800.• Annual interest rate of 3% beginning from the date of the loan being provided.• Interest will not be charged if the loan is fully repaid within one year
Am I eligible?	<p>To be eligible to apply, your business must:</p> <ul style="list-style-type: none">• Have 50 or fewer full-time-equivalent employees – commonly owned groups will be treated as a single business when applying this limit• Be viable on an ongoing basis (generally, more likely than not to be able to pay their debts on time within the next 18 months)
How do I find out more?	<p>Visit the Inland Revenue website: ird.govt.nz/covid-19/business-and-organisations</p>

BUSINESS FINANCE GUARANTEE SCHEME LOANS

available through participating banks to provide for businesses' operating cash flow needs



What it provides	<p>Participating banks can provide term loans and revolving credit facilities to businesses that need credit due to business disruption caused by COVID-19.</p> <p>The Crown Business Finance Guarantee applies to 80% of any shortfall the bank has after following its normal processes to recover the debt, with the bank covering the remaining 20%. This is to encourage banks to lend where otherwise they might not.</p> <ul style="list-style-type: none">• Scheme maximum individual loan facility of \$500,000 (your bank will determine your maximum loan amount)• Scheme maximum loan facility term of three years (your bank will determine your maximum loan term)• Government guarantee does not limit the borrower's liability for their debt• Loan facility can be applied for under the scheme until 30 September 2020
Am I eligible?	<p>Your bank assesses if your business is eligible for a supported loan facility, applying its normal lending criteria and processes modified to take into account the uncertainty of the economic conditions caused by COVID-19.</p> <p>To be generally eligible to apply for a loan under the Scheme your business must:</p> <ul style="list-style-type: none">• Be New Zealand-based• Have annual revenue of \$80 million or less in its most recently completed financial year• Not be on your bank's credit watchlist as at 31 January 2020• Not already have a supported loan under the scheme• Not be engaged in excluded activities• Not be a residential or commercial property developer or investor, or a local authority or council-controlled organisation• Be viable on an ongoing basis (generally, more likely than not to be able to pay their debts on time within the next 18 months)
How do I find out more?	<p>General information about the Business Finance Guarantee Scheme is available at business.govt.nz/covid-19</p> <p>Talk to your bank to discuss your financing needs and if they can be supported under the Scheme.</p>

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TEMPORARY TAX LOSS CARRY-BACK

helps businesses with cashflow by using tax losses to offset prior-year profit



What it provides	<p>Businesses making a loss in the 2020 income year, or expecting to make a loss in 2021, may be eligible for a tax refund by carrying back that loss to the preceding income year. There are two ways to do this:</p> <ul style="list-style-type: none">• Include the carried-back loss in your 2020 tax return and receive an automatic refund of any overpaid tax – if the 2019 tax return has already been filed, you can amend it through myIR• Ask for a refund of any provisional tax paid for 2020 if you want to carry back an estimated loss for 2021 <p>Any amounts refunded depend on the amount of the loss and the profit earned in the previous year.</p>
Am I eligible?	<p>Your business needs to have:</p> <ul style="list-style-type: none">• Incurred, or expect to incur, a loss in the 2020 or the 2021 tax year• Made a profit in the year before the loss <p>Companies also need to meet these conditions:</p> <ul style="list-style-type: none">• The company has maintained 49% common ownership throughout the loss year and preceding year• The group has retained 66% common ownership throughout the loss year and preceding year• Sufficient imputation credit account balance to cover any refund
How do I find out more?	<p>Visit the Inland Revenue website: https://www.ird.govt.nz/losscarryback</p> <p>Use myIR to let Inland Revenue know you want to use the loss carry-back scheme, and to have any refunds processed much faster.</p>

BUSINESS DEBT HIBERNATION

allows businesses affected by COVID-19 disruptions to place their existing debts on hold while they recover



What it provides	<p>Business debt hibernation allows businesses affected by COVID-19 disruptions to place their existing debts on hold for up to seven months to help them start trading normally again, rather than starting processes such as liquidation.</p>
Am I eligible?	<p>To be eligible for business debt hibernation, businesses need to be:</p> <ul style="list-style-type: none">• The right type – for example: companies, trusts, and partnerships are generally eligible, but some types of particular businesses are not – for example: insurers and banks. Sole traders are not eligible and instead are subject to the Insolvency Act 2006• Viable• Formed or established before 3 April 2020 <p>At least half of the business's creditors must agree to the arrangement the business proposes. While a business is in Business Debt Hibernation it can continue to trade, subject to any restrictions agreed with creditors as a condition of entering hibernation.</p>
How do I find out more?	<p>Visit the Companies Office website companiesoffice.govt.nz/covid-19/business-debt-hibernation</p>

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COMMERCIAL PROPERTY LAW CHANGES

help commercial tenants and landlords to keep leases in place through recovery



What it provides	<p>COVID-19 has impacted on businesses' ability to meet costs such as rent, as well as on commercial landlords' ability to meet mortgage payments. Temporary law changes were made on 16 May 2020 to support tenants and landlords in this situation. These are:</p> <ul style="list-style-type: none">• Commercial landlords must give a tenant at least 30 (formerly 10) working days' notice before cancelling a lease because of overdue rent• Lenders must give 40 (formerly 20) working days' notice before they use their powers to take possession of, or sell, the mortgaged property (this includes mortgages over residential as well as commercial property; for mortgages over goods, the timeframe is 30 working days)• Parties to many smaller-scale commercial leases are required to negotiate payment obligations to ensure a fair rent is agreed <p>These measures give tenants more time to catch up or to approach the landlord to negotiate temporary changes to the rent or lease agreement to help them get through until they can resume operating as usual. They also give borrowers more time to remedy breaches or defaults before lenders can take action. These changes do not affect core repayment obligations.</p> <p>These changes are temporary and apply from 1 April 2020. The law will return to the current timeframes six months after the end of the Epidemic Preparedness (COVID-19) Notice 2020 put in place on 24 March 2020 (gazette.govt.nz/notice/id/2020-go1368).</p>
Am I eligible?	<p>If you are a commercial tenant or mortgage holder experiencing difficulty paying rent or making mortgage payments because of reduced income due to COVID-19, talk to a lawyer about how the law changes apply to your circumstances.</p> <p>This is particularly important if you have already been given notice of overdue rent or mortgage payments.</p>
How do I find out more?	<p>Visit the Ministry of Justice website: justice.govt.nz/about/news-and-media/covid-19-news/guidance-for-commercial-property-settlements</p>

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TAX ADMINISTRATION ACT CHANGES

helps businesses with cashflow and stability through more flexible tax requirements



What it provides	Amendment of the Tax Administration Act has provided Inland Revenue with flexibility to modify tax filing timeframes and procedural requirements for businesses affected by COVID-19.
Am I eligible?	<ul style="list-style-type: none">• Eligibility for flexible arrangements will depend on the circumstances of your business• This discretion is only able to be used with businesses impacted by COVID-19
How do I find out more?	Contact Inland Revenue to discuss your situation: ird.govt.nz

R&D TAX INCENTIVE

helps businesses retain their R&D capability during the COVID-19 disruptions and receive a tax credit more quickly



What it provides	Qualifying businesses can claim a 15% tax credit on their eligible R&D costs. The application date of broader refundability for the R&D tax credit has been brought forward by one year, to the 2019–20 income year. This allows more loss-making businesses to have this R&D tax credit refunded in cash, and sooner.
Am I eligible?	<p>In general, to claim the R&D tax incentive, your business must meet all of the following:</p> <ul style="list-style-type: none">• Eligible R&D activities• Eligible expenditure• Status as an eligible entity• Submitted your supplementary return and income tax return by the deadline <p>Assess your eligibility using this online tool: ird.govt.nz/research-and-development/tax-incentive/eligibility</p>
How do I find out more?	Visit the R&D Tax Incentive website: rdti.govt.nz

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DEPRECIATION TAX DEDUCTIONS

helps businesses with cashflow and reinvestment by increasing the low-value asset threshold and allowing deductions for commercial and industrial buildings



What it provides	<p>From the 2021 tax year, eligible businesses will be able to claim depreciation on commercial and industrial buildings.</p> <p>The applicable depreciation rates are 2% DV and 1.5% SL.</p> <p>The low-value asset threshold for depreciation has also been temporarily increased until 16 March 2021 to allow you to deduct the full cost of your business assets (purchased after 16 March 2020) with a value of less than \$5,000 in the year you purchased them, instead of having to spread the cost over the life of the asset. From 17 March 2021 the low-value asset threshold will be permanently increased to \$1,000 (up from \$500 pre-COVID-19).</p>
Am I eligible?	<p>In general, depreciation is only able to be claimed on commercial and industrial buildings – not residential. Short-stay accommodation eligibility will depend on whether it is classed as residential or commercial.</p>
How do I find out more?	<p>Visit the Inland Revenue website: ird.govt.nz/covid-19/business-and-organisations</p>

REMISSION OF PENALTIES AND INTEREST

helps taxpayers facing interest and penalties for late tax payments, if they have been impacted by COVID-19



What it provides	<p>Interest and penalties charged on late tax payments can be written-off for taxpayers that have had their ability to make a tax payment on time significantly adversely affected by COVID-19.</p>
Am I eligible?	<p>Interest may be written-off if:</p> <ul style="list-style-type: none">• The due date for the payment was no earlier than 14 February 2020• The ability to make the payment on time was significantly adversely affected by COVID-19• The taxpayer requests that the interest be remitted; and• The outstanding tax is paid as soon as practicable <p>Similar eligibility requirements will be considered for writing-off penalties.</p>
How do I find out more?	<p>Contact Inland Revenue to discuss your situation: ird.govt.nz</p>

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