

## Parliament grinds to a halt on all non-covid work

Almost all select committee hearings, inquiries, deadlines for submissions and reportback of legislation are either formally suspended or in limbo as the four-plus week national lockdown begins.

Policy work is also at a standstill in most business-as-usual areas. Inquiries to ministers' offices on issues such as Auckland light rail, climate change policy, RMA reform and freshwater regulation suggest that all ministerial effort in the last fortnight has been aimed exclusively at the covid-19 response and that minds have yet to turn to resetting the BAU agenda.

**The election date also looks fluid, meaning that when some semblance of normality returns, it cannot be assumed that legislation currently delayed will not still be enacted before the next election.**

The govt can announce a general election any time up until mid-December under the Electoral Act, although pre-Christmas campaigning is unlikely to be favoured. If the election were pushed into 2021, it might not occur until mid-March, assuming a six week campaign starting shortly after the traditional summer break.

**To delay polling day past mid-Dec, the govt would need a 75% vote in favour.** At this stage, the Opposition appears willing to be supportive, but the issue will not be live until the lockdown starts to be lifted.

It is clear from the constant use of phrases such as "some weeks" rather than the initial four week lockdown, that ministers are expecting the national hiatus to go for longer than a month. However, it is likely to try to bring some parts of the country out of lockdown earlier than others.

For example, while there are cases of covid-19 in both the North and South Islands, **there is no evidence to date of community transmission in the South Island.** That is limited to Auckland and the Wairarapa so far.

It is conceivable that if community transmission were prevented in the South Island and it was kept isolated from the north by strict controls on air and sea travel, that it could be brought back to some normality earlier. The same may apply to distinct regions of the North Island. Everything depends on the extent of community transmission.

**Businesses will need both to be patient and can assume that there will be considerable leniency on consultation processes,** albeit that decisions at a granular level simply will not occur until the dust has settled on the prolonged crisis footing on which the govt has been operating for the last three weeks.

Ministers are very tired, although most are now sequestered in their own homes. While they are permitted to use their self-drive cars, the use of ministerial limousines is prohibited to prevent widening their personal 'bubbles' to the Crown chauffeur corps. They are being encouraged to take the same approach as all other NZers to stay at home except for essential travel.

## Private sector struggling to keep up

The appointment of former AirNZ ceo **Rob Fyfe** to act as a go-between the govt and key businesses reflects the fact that there is so much rapid and radical policy change flying around that private sector participants cannot keep up.

Arguably, nor should they be expected to.

The govt is committing many billions of dollars to wage and sick leave subsidy schemes, 80% govt-guaranteed business lending, new legislation covering tenancies and the like at great speed. It is able to do that in part because there is overwhelming political support for swift, decisive and almost unthinkable large actions.

However, private businesses are starting to balk at being asked to move at a similar pace.

## Mortgage and business lending packages face delay

A prime example of this is Grant Robertson's expectation today that the trading banks would announce details of the proposed mortgage repayment holiday and govt guaranteed business lending schemes late this afternoon or early this evening.

The NZ Bankers Assn advised at around 5pm that it would take "the next few days" to iron out the many details. Building societies and other non-bank deposit takers might yet be included.

Key questions include:

- whether the mortgage holiday should apply only to owner-occupiers or include landlords;
- how to ring-fence from the govt-backed lending scheme those firms that would not have been regarded as commercially viable before covid-19 struck.

This sort of due diligence is not concerning the MSD officials administering the wage subsidy scheme, which has seen \$1.5b shovelled out the door and straight into firms' bank accounts since it was announced on Tuesday last week. As of Thursday morning, a total of 79,913 businesses have had payments, another 111,898 applications have been approved and 47,434 are still to be processed.

It is clear **the scheme is a lolly scramble. It will take years of auditing to identify the inevitable potential for widespread fraud.** For the moment, however, it is simply a bluntly efficient way of injecting cash to keep households and businesses afloat.

## Budget rewrite / UBI?

The Budget may yet shift from May 14 and it is being very extensively rewritten.

Asked whether the govt was considering a Universal Basic Income policy, Robertson said today that the govt was reviewing **"what does NZers' system for income support look like" beyond the initial 12 week response period governing covid-19 action.**

**"We're entering into a period where there will be far more volatility in the labour market, either caused by covid-19 itself ... and from the overall economic impact."**

Income support is being identified as a new, much more significant issue over the next few years than it was a month ago.

## Extraordinary powers

In the meantime, the declaration of a national state of emergency and the gazetting of epidemic notices on Tuesday gives the govt extraordinary powers covering the ability to requisition essential materials and industries and introduce new immigration measures at speed.

Under the Epidemic Preparedness Act 2006, the executive and officials gain wide powers. For instance, medical officers of health can detain and treat people.

Simon Bridges will chair an 11-member select committee capable of questioning the govt on the use of those powers, weighted 6:5 to Opposition MPs.

It will only meet remotely and will have powers to question people and receive papers in order to have a mechanism to hold the govt to account. These meetings will be publicly broadcast.

The govt also intends to pass an imprest supply bill to allow funding to continue to flow.

All non-essential parliament business is being suspended. The only select committee hearings early next week are on vaping law, the business committee that determines what Parliament will do next, and a hearing on the RBNZ's introduction of extraordinary measures.

**Parliament is now adjourned until April 28.** Given the likelihood that the lockdown will extend beyond four weeks, it is likely to be adjourned again at that point.

Some select committees have already extended the deadline for submissions, including the finance and expenditure committee extending the deadline on the Financial Markets (Conduct of Institutions) Amendment Bill until April 30.

There were limited select committees meeting this week. These included consideration of the RMA Amendment Bill, due for report back by March 26, and the Climate Change Response (Emissions Trading Reform) Amendment Bill (April 2). 