

## Finally at lockdown. The question still is: will it work?

The govt came under enormous pressure over the weekend from a diverse and only loosely coordinated range of leading business figures, including Sir Stephen Tindall, Graeme Hart and Harbour Asset Management's Andrew Bascand among many others, to make the national lockdown decision announced today.

Piled on top of the breakdown in consensus among its own public health advisory group over the right way forward, today's response could be seen as further evidence that the govt has allowed its most alarmist critics to speed up its decision-making.

Certainly, those critics chose to put themselves out on a limb by criticising the 'go hard and early' rhetoric that Jacinda Ardern had been employing as being more bark than bite. As with critics in the media, there was a sense that the govt needed backbone stiffening and political cover if it was to take such a radical step as to effectively shut the country down for four weeks - and possibly longer.

There will be plenty of NZers who won't accept that this deeply disruptive action gives the country a better shot at reducing the length and depth of the disruption that would occur if covid-19 became well-established in the community and began overwhelming the health system.

Nor is it likely that the evidence will be either decisive that it was the right decision or swift to arrive.

A leading proponent of the lockdown, Otago University epidemiologist Professor Michael Baker, warns that the recent burst of new cases - totalling 102 as of today's update - puts NZ "on the exponential curve" for increase.

**"It will probably take at least two weeks to see the benefits,"** Baker says.

What he doesn't say is that the best time to announce a lockdown - virus-wise rather than politically - was two to four weeks ago. It has taken this long to accustom a critical minimum of the public to accept a lockdown is NZ's best opportunity to slow down the virus's spread and to isolate cases and contacts in a bid to reduce its incidence compared to remaining at a lower level of alert.

In other words, while we believe the govt has made the right call from a health perspective - and is backing it now with appropriately gargantuan fiscal and financial system supports - the lockdown remains a huge gamble in a situation that no political leader, businessperson or, for that matter, more than a handful of living NZers, has ever experienced. Hopefully, it will not prove to have been enacted too late to be effective.

## The details

### Level 4 alert starts at 11.59pm, Wednesday, March 25

Level 4 means:

- people instructed to stay at home;
- educational facilities closed;
- businesses closed except for essential services (eg. supermarkets, pharmacies, clinics) and lifeline utilities;
- rationing of supplies and requisitioning of facilities;
- travel severely limited;
- major reprioritisation of healthcare services.

Until 11.59pm on Wednesday, NZ is at Alert Level 3. The differences between the two are not significant, but the 48 hours is intended to allow people time to make arrangements prior to 'staying in place' for four weeks.

## Essential services

The definition of essential services, including their supply chains, is wider than might initially be expected, and particularly includes all aspects of food production:

### Accommodation

Accommodation services for essential workers and people who need to be isolated/quarantined

### Border

Customs New Zealand, Immigration New Zealand and the Ministry for Primary Industries

### Building and construction

Building and construction related to essential services, critical infrastructure, or immediately needed to maintain human health and safety at home/work

### Courts, tribunals and the justice system

Courts of New Zealand and tribunals; critical Crown entities (eg Electoral Commission)

### Education - at level 3 only:

Schools and educational facilities (e.g. ECE centres)

### Fast-moving consumer goods

Businesses involved in the supply, delivery, distribution and sale of food, beverage and other key consumer goods (but not takeaway shops)

### Financial services

Banks, insurers and other financial institutions

### Health

Hospitals, primary care clinics, pharmacies, medical laboratories, care facilities; ambulance services; mortuary services

### Local and national government

Any entity involved in COVID-19 response or that has civil defence/emergency management functions

### Key public services

Primary industries, including food and beverage production and processing; packaging, production and processing of food and beverage products; food safety and verification, inspection or associated laboratory services, food safety and biosecurity

functions; vet and animal health/welfare services

### Public safety and national security

Emergency services, security and intelligence services, justice system, public safety and national security roles

### Science

Any entity (including research organisations) involved in COVID-19 response, hazard monitoring, resilience, diagnostics for essential services

### Social services

Welfare and social services, including NGOs, which meet immediate needs (further guidance will be provided)

### Transport and logistics

Transport services; NZ Post and courier services; any small passenger service vehicle driver – including taxis and ride-share services

### Utilities and communications, inc. supply chains

Electricity, gas, water, waste, fuel, telecommunication services, internet providers and media.

## Financial stability/lending/wage subsidies

- The RBNZ's commitment to buy up to \$30b of govt bonds in the secondary market is key to maintaining liquidity and confidence in the normal operation of the financial system.
- The \$150k wage subsidies cap is abolished and new additional rules are introduced to deal with firms that had been experiencing growth substantial enough to make a 30% reduction in revenues a barrier to legitimate assistance;
- Rents are frozen; and end to 'no cause' evictions;
- **Detail has yet to be finalised but the govt is also working trading banks on:**
- A business financing guarantee scheme to allow non-recourse lending to otherwise viable businesses (devil in the detail here);
- Significant support for mortgage holders. In Australia, mortgage principal payment suspension has been part of the trading banks' response to covid-19. 🏠