

## COVID-19 – WHAT RELIEF IS AVAILABLE FOR BUSINESSES?

There is an avalanche of information online about Government support initiatives to address covid-19. However much of it is repetitive and the situation changes daily. Legal commentaries can quickly become out of date. To make it easier for you to keep up, here are the best sources of information on a range of topics.

Many of the websites referred to below update frequently. Re-click each link to get the latest updates.

Although the information on these sites is improving over time, it only goes so far. Complexities frequently arise in relation to employment situations that do not fit the 'norm' anticipated in the Government guidance. Also in relation to the interplay between covid-19 requirements and the existing law. We are answering numerous questions about such issues, every day.

### Government Overviews

[www.covid19.govt.nz](http://www.covid19.govt.nz) – Summary of current situation and interventions by Government

<https://www.beehive.govt.nz/releases> – Government news releases (often the first notification)

<https://www.business.govt.nz/news/coronavirus-information-for-businesses/> – Overall summary of business information

Government helpline: **0800 779 997** (8am–1am, 7 days a week) or  
**0800 22 66 57** (9am-5pm, Monday-Friday)

### Employer Assistance

Wage subsidy:

<https://workandincome.govt.nz/products/a-z-benefits/covid-19-support.html>

<https://workandincome.govt.nz/products/a-z-benefits/employer-questions-and-answers.html#null>

How WINZ can help in the event of redundancies, and regional contact details:

[https://workandincome.govt.nz/documents/eligibility/emergencies/redundancy-information-for-employers-coronavirus-.pdf?utm\\_source=business.govt.nz&utm\\_medium=newsletter&utm\\_campaign=special\\_cv\\_edition](https://workandincome.govt.nz/documents/eligibility/emergencies/redundancy-information-for-employers-coronavirus-.pdf?utm_source=business.govt.nz&utm_medium=newsletter&utm_campaign=special_cv_edition)

### Business Finance Relief

<https://www.beehive.govt.nz/release/mortgage-holiday-and-business-finance-support-schemes-cushion-covid-impacts>

\$500,000 loan per business, for businesses with turnover between \$250k and \$80M. Underwritten by Government 80% and banks 20%. Presumably no security or personal guarantee required – but check

with your bank and be aware existing securities will likely extend to any borrowing under this arrangement.

## **Insurance**

<https://www.icnz.org.nz/media-resources/covid-19/>

Very few businesses will have business interruption insurance that extends to cover for pandemics. Pandemics have been almost universally excluded from BI policies since the SARS epidemic.

## **Tax Relief**

<https://www.ird.govt.nz/covid-19-novel-coronavirus/tax-relief>

## **Essential Businesses**

<https://covid19.govt.nz/government-actions/covid-19-alert-level/essential-businesses/>

Essential businesses in the primary sector need to register with MPI:

<https://www.mpi.govt.nz/news-and-resources/media-releases/mpi-sets-up-a-register-for-safe-practice-for-essential-covid-19-businesses/>

Businesses who are supply chain for essential businesses can themselves be essential (or at least part of their business may be).

If you have any queries around essential services and whether you (or part of your business) might be one you can get in touch with MBIE at 0508 377 388 or email [essential@mbie.govt.nz](mailto:essential@mbie.govt.nz).

## **Health and Safety**

<https://worksafe.govt.nz/managing-health-and-safety/novel-coronavirus-covid-19/alert-level-4-whats-worksafes-approach/>

<https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus>

## **Leases and rent abatement**

If your lease is the current standard ADLS version, it will most likely have a 'no access' clause providing that a "fair proportion" of the rent and outgoings will cease to be payable during the time you can't access the premises due to lockdown. The key issue is how to assess what is a 'fair proportion'. That will be a matter of commercial negotiation and is something we are assisting with daily.

If your lease does not have a 'no access' clause (and many don't) then it may have a 'force majeure' clause or you might be able to claim the lease has been 'frustrated'. Both of these would give relief against rent obligations, however force majeure clauses are uncommon in leases and in most cases it will be premature to decide that a lease has been 'frustrated'. Rent relief under these circumstances is more difficult to achieve but may be possible with effective negotiation.

## **Other contracts, commercial arrangements and product orders**

'Force majeure' clauses, the doctrine of 'frustration' and other principles of contract law may help reduce or avoid contractual obligations. Whether these apply is something that must be carefully assessed by a lawyer, as getting it wrong may lead to legal liability for breach of contract.

## **Protections for Residential Tenants**

Rent freeze for 6 months and restrictions (for 3 months) on landlords' ability to terminate:

<https://www.tenancy.govt.nz/about-tenancy-services/news/covid-19-coronavirus-rent-freeze-tenancy-terminations/>

## **Mortgage Relief for Homeowners**

Several packages being offered, including a 6 month deferral of principal and interest payments. Check your own bank's website as to other options and discuss with the bank.

Note that if accepting a principal and interest repayment holiday, interest will continue to accrue and will be added to principal – increasing overall debt compared with paying interest-only.

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