



## Office of the Deputy Prime Minister

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Theme: stimulus package offers relief, builds resilience, Government opens up applications for COVID-19 Economic Response Plan

Kia orana

I join you again tonight to update you on the critical progress we're making as we roll out the country's economic relief package.

The Government's approach to this crisis is one of stimulus. By that I mean: we are putting money into the economy to keep it running during this unprecedented downturn.

Every dollar spent by the Government now creates additional spending. A business that receives government relief will be able to pay its staff, who can then buy groceries in the shops. That in turn generates income for other businesses, who then pay their own staff. It's about kick-starting our comeback.

No one could have predicted a global pandemic and economic shutdown on the scale of COVID-19. Anyone who tells you they saw this coming is a liar. It's unprecedented.

Fortunately, we are in a solid position to mount our comeback. The government's economic stimulus package is underpinned by Government reserves and a strong economy prior in the lead up to the global pandemic hitting.

Yes, the economy has been negatively impacted by the reduction in tourism. Yes, we must act swiftly. And yes, we have the funds to support our people. Based on what we now know we're dealing with, we have the ability to keep the economy running for six months. Then, if things continue on the current trajectory, we're going to need to decide whether we take on debt to fund our stimulus package.

I want to reiterate that the government's priority is to ensure that our people and our businesses in our country receive support during this time.

We know you're doing it tough. COVID-19 is an economic tsunami. It is sending waves of adversity over our economy - and the government's emergency package

is designed to help us all head to higher ground together. From these waves of adversity, we are working with our people and our business community to build layers of resilience.

Last night I gave it to you straight. We have a long road ahead of us. It will take time - but know this: we will get back on track. We come out on the other side.

When preparing the stimulus package, we estimated the Private Sector employed approximately 6,000 people - mostly working in our tourism sector. It's for this reason we allocated \$19 million for the wage subsidy, to keep these 6,000 people employed and on some form of income. We want employers to hold on to their workers.

Our jobs and businesses don't just provide financial security – they give us purpose and social connection. For many of us, our sense of self - our identity - is tied up with the work we do. When we lose our job or employment the stress can be overwhelming. Everyone's feeling it in our community.

Remember, there are things you can do to take some level of control over things - including seeking government assistance. These subsidies and benefits are designed to be an economic lifeline.

Today we opened applications for the government's Wage Subsidy and Business Grant Schemes.

The system is now live.

Our team have been working around the clock to get this off the ground. It is designed to be easy to use and access, and to protect and ensure that our hardworking taxpayer money is going to the right place.

As you'd expect from me as the Minister of Finance - I keep a close watch on numbers.

My officials tell me that we've received thousands of messages since we opened up our support package - at last count we recorded 4645 interactions with people about various aspects of what's happening.

Most people have reached out to us online, but they've also contacted us by phone through our call centre, they've visited us in person and called into our office.

On our first day, 160 businesses logged into our Cook Islands Superannuation Fund system to access the wage subsidy and business grant schemes. So far, 79 businesses have submitted applications for the business grants while 66 applications have been submitted for the wage subsidy. The first payments start as early as next week – this will get money flowing into our economy again.

We listened and acted on concerns raised by the business community about the eligibility criteria. Our team went back to the drawing board and have broadened the criteria.

We've made changes which allow more businesses to access funds - those that are facing immediate cash-flow issues but which don't meet the 30% decline in their March VAT.

We ask that you provide sufficient evidence and a declaration that your March revenue was impacted due to COVID-19 and will not recover in April. Further information is available on the MFEM website.

We're fielding a lot of questions about the wage subsidy. Look out for MFEM's Q & A briefing, which will come out later today.

I want to talk now about newly registered businesses to RMD and CINSF

We encourage all individuals who have not been registered for tax or superannuation in the past to register now so that they may qualify for this scheme.

People are worried that we're looking to catch you out. That if you register now you'll be chased up for tax for past years. That is not the purpose of this wage subsidy and business grant.

I will be asking the Revenue Management office to only take a going forward approach in any such cases. They will not be looking back at your earnings. We have to focus on what's ahead of us not what is behind. Let's move forward together with out any fear.

As I mentioned last night, the first of the welfare payments for the unemployment benefit, school closure support and the old age pensioners, infirm, care-givers and destitute; will be made on the 16<sup>th</sup> of April 2020.

We encourage all of you who are not registered to register with the Ministry of Internal Affairs by the 8<sup>th</sup> April 2020 to qualify for the first round of payments. Additional payments will be made over the coming weeks. Those who already receive the government welfare support do no need to re-register, your additional payment will automatically paid on the 16<sup>th</sup> April.

To date there have been a number of applications to the Economic Response Plan through INTAFF; these include 14 Unemployment applications received, 54 school closure support received, 14 Employee registrations and 7 Employer Registration.

We encourage you to complete your forms and submit them to INTAFF so that you can have them processed as quickly as possible.

We urge people who require assistance to contact INTAFF ph 0800 2937 or visit them at Sinai Hall

Crisis or no crisis everyone has to fulfil their legal obligations. So let me remind you: employers still have an obligation to ensure that their employees are paid during this period. Employers are still required to follow the Employment Relations Act 2012 and honour contracts that are in place to protect employees as well as employers.

The Cook Islands drew in people from all around the Pacific region and further afield during our economic good times. To supplement our labour force and support our economic growth, we needed people to work in our hotels and restaurants. We needed cleaners, hospitality workers and labourers. Their livelihoods depended on tourism. We know they're doing it tough now - and global travel restrictions mean they've got nowhere else to go for the foreseeable future.

The Ministry of Internal Affairs has been meeting with leaders of the Fijian, Samoan, Tongan and Niuean communities to discuss their support needs. Later this week, our officials will meet with Filipino, Kiribati and Indonesian representatives.

Our message to all expat communities is this: if you are having trouble affording food, rent or keeping on top your loans, reach out to your local Puna for support.

Puna are staffed with skilled emergency response teams who are there to assist with the most pressing health and social needs during COVID-19 and beyond. Our network of Puna embody our country's Kia Orana values - looking out for each other, working closely with one another at a community level, helping each other out in our time of need.

Until we meet again tomorrow, Kia Toa e Kia Manuia.