

to remain viable and keep New Zealanders in jobs.

The temporary changes include:

- Giving directors of companies facing significant liquidity problems because of COVID-19 a 'safe harbour' from insolvency duties under the Companies Act,
- Enabling businesses affected by COVID-19 to place existing debts into hibernation until they are able to start trading normally again,
- Allowing the use of electronic signatures where necessary due to COVID-19 restrictions,
- Giving the Registrar of Companies the power to temporarily extend deadlines imposed on companies, incorporated societies, charitable trusts and other entities under legislation, and
- Giving temporary relief for entities that are unable to comply with requirements in their constitutions or rules because of COVID-19.
- "These measures will support the Government's work to cushion the economic impact for New Zealand and to support businesses and protect jobs and incomes," Finance Minister Grant Robertson said.

"We are announcing these decisions now to give businesses certainty that these measures are being worked through. We will be asking Parliament to agree to make some of these changes retrospective.

"While they will help increase certainty and provide practical assistance to business owners and directors, the changes must not be seen as a workaround for obligations to creditors and the responsibility of directors to act in good faith.

"I want to emphasise that these changes will not mean that directors are free to disregard the consequences of their actions for the next six months. Other protections in the Companies Act, such as those addressing serious breaches of the duty to act in good faith and punishing those who dishonestly incur debts, will remain in place," Grant Robertson said.

Consumer Affairs Minister Kris Faafoi said the changes would help retain jobs and support the New Zealand economy to recover as quickly as possible.

"We know that, whether real or perceived, the threat of a director being held personally liable for a company's solvency problems will likely make them inclined to advise closing down a business," Consumer Affairs Minister Kris Faafoi said.

"A 'safe harbour' will help them keep trading, rather than prematurely closing up,

which will minimise disruption to the economy as much as possible,” Kris Faafoi said.

The proposed move to place existing debts into hibernation, to be known as a Business Debt Hibernation (BDH), would only happen with the agreement of 50 per cent of a business’s creditors.

“Going into a Business Debt Hibernation will give businesses the space to talk to their creditors about prioritising paying some debts, and deferring others for six months,” Grant Robertson said.

”It is inevitable that some businesses are going to have to go into liquidation. However these measures provide an accessible and pragmatic means of helping some businesses to weather the storm in a way that does as little harm as possible to creditors’ interests,” Grant Robertson said.

He urged businesses to talk to their creditors and banks, and also reminded them that the Government had a Wage Subsidy scheme in place as well as a Business Finance Guarantee Scheme, which can offer loans up to \$500,000 over three years.

For more information, go to www.companiesoffice.govt.nz