CORONAVIRUS

New six-week COVID-19 Support Payment available to Omicron-affected businesses from March

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A new six-week payment will be available to Omicron-affected businesses from March, Finance Minister Grant Robertson has announced.

To be eligible, businesses must be able to show a 40 percent drop over seven days within the six weeks prior to the February 15 shift to the current second phase of the Government's Omicron plan.

Each COVID Support Payment will be $4000 per business plus $400 per full-time employee, capped at 50 employees or $24,000. It's the same rate as the most recent Transition Payment available to businesses last year to help with the transition to the COVID-19 Protection Framework or 'traffic light' system.

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"It will be available on a fortnightly basis for six weeks - so three payments in total," Robertson said on Monday.

"This reflects the international experience that the peak of the Omicron outbreak should pass after about six weeks. We will continue to closely monitor the situation and have the option to extend the payment if this if necessary."

The previous Resurgence Support Payment, designed to help businesses with their fixed costs, only required businesses to show a 30 percent revenue drop.

"We have set a higher threshold in terms of revenue loss than previous support in order to target those most affected," Robertson said.

"We looked closely at whether we could offer sector specific packages but the definition of who is in what sector, and the need for cashflow to be provided quickly, meant that was not a feasible option to reach the most affected."

The Resurgence Support Payment dished out $2.2 billion to businesses. Coupled with the wage subsidy scheme, the Government has so far supported businesses and workers with over $6.9 billion since the Delta outbreak began in August 2021.

Support to be off work while isolating or to take leave while waiting for test results, currently provided by the Leave Support Scheme and the Short Term Absence Payment, will remain available under all levels of the traffic light system.

Revenue Minister David Parker said changes were also being made to the Small Business Cashflow Loans Scheme to increase the amount of funding available to eligible

businesses through the introduction of a 'top up' loan. Interest will now only start accruing at the beginning of year three.

"We are also extending the Commissioner of Inland Revenue's ability to apply flexibility for tax payment dates and terms to assist firms with cashflow pressures," Parker said.

Businesses struggling to pay tax because of the impacts of COVID-19 can contact Inland Revenue to check if they can delay starting payments to a later date, or if any part of the tax could be written off.

Support for businesses couldn't come soon enough.

Tourism Industry Aotearoa's Ann-Marie Johnson said on Friday the industry had witnessed an almost entire stop to travel and spending, similar to a national lockdown, since the country moved to the red traffic light setting on January 23.

"We are hearing harrowing stories every day from our members across all parts of the tourism system, from accommodation and transport operators to activities and attractions across the motu," Johnson said.

"Having proven their resilience by surviving two years of the pandemic, some are now facing ruin through no fault of their own just when they should be looking forward to recovery. We have grave concerns for their mental wellbeing."

A recent MYOB survey revealed more than half - 58 percent - of small to medium businesses expected to see a negative financial impact if New Zealand stayed at the red setting for more than a month, with almost a quarter (23 percent) believing they would take a significant financial hit.

One industry particularly impacted by the red setting is hospitality. Venues that check COVID-19 vaccine certificates can open to up to 100 people, but guests must be seated and separated. Venues that choose not to check vaccination status must be contactless.

Nearly a third (32 percent) of small to medium businesses have had fewer sales since the country moved into red, while 27 percent said their customer numbers were lower than usual, and 22 percent said there was more pressure on cashflow.

Auckland Central MP Chlöe Swarbrick of the Green Party last week delivered an open letter co-signed by more than 60 owner-operators, venues and representative bodies to Robertson with four suggested solutions to ensure businesses survive Omicron. It has since been signed by an additional 1300+ New Zealanders, organisations and businesses.

"Time and again, the little guy has shouldered the cost of this pandemic while asset holders have made record profits. The Government has the tools to re-balance this," Swarbrick said on Monday.

"While this support is a lifeline - fulfilling two of the four asks in our letter - it's critical this aid doesn't just end up a subsidy to commercial landlords. I continue to encourage the Government to adopt tools to enable sensible rent reductions to be negotiated, as they did in 2021."

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