

Business support in the event of a COVID-19 resurgence

The Government is giving certainty to businesses and workers about what support will be available in the event of Alert Level escalations due to resurgences of COVID-19 in the community.

Measures include:

- When there is an **escalation from Alert Level 1 to Alert Level 2 or above**, directly impacted businesses will be able to apply for a one-off Resurgence Support Payment, providing cashflow support to cover fixed costs such as rent and wages. Firms that require additional support can still access the Small Business Cashflow Scheme or seek lending from their banks including loans through the Business Finance Guarantee Scheme.
- At **Alert Level 3 or above**, the most affected firms can also seek the Wage Subsidy to help them keep their staff employed.
- A new **Short-Term Absence Payment** will be available to eligible employers to support eligible workers to follow public health guidance and stay home while waiting for a COVID-19 test result. This will supplement the existing Leave Support Scheme.

The Government is also continuing to assess options to better support negotiations between landlords and tenants on commercial rents in the event of a future escalation of Alert Levels.

Resurgence Support Payment	<p>The Resurgence Support Payment provides a one-off cash injection to help offset directly affected businesses' fixed costs if anywhere in New Zealand is at Alert Level 2 or above for a week or more.</p> <p>The payment will be paid by Government to firms who incur a revenue drop of 30% or more over a 14-day period as a result of the specific effects of an Alert Level escalation. This will support impacted firms to stay viable and help to keep people employed. It's also a way of business and Government sharing the cost of any escalation in Alert Levels, and helps business to comply with health regulations. It will be particularly useful to businesses in sectors such as hospitality or events who are more affected by escalations in Alert Levels.</p> <p>The Resurgence Support Payment will be formed by a core per business rate (\$1500) plus payment per employee (\$400) up to a total of 50 FTEs. This means, for example, an impacted firm with five FTEs would receive \$3,500. For any firm over 50 FTE, the maximum is \$21,500.</p>
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	<p>Inland Revenue will administer this payment. Legislation to formally establish the payment will pass in early 2021. If an Alert Level escalation occurs prior to the passing of legislation the payment will be able to be paid retrospectively to eligible firms.</p>
<p>Short-term Absence Payment and Leave Support Scheme</p>	<p>A new Short-Term Absence Payment will be available to eligible employers to support eligible workers who cannot work from home to follow public health guidance and stay home while waiting for a COVID-19 test result. It is also available to eligible self-employed workers, and to parents or caregivers of dependents who are required to stay at home awaiting a test result where they need support to do so.</p> <p>This will help businesses to continue to pay people who can't work from home while waiting for a test result to protect others from possible COVID-19 transmission. The payment will be a one-off flat-rate payment of \$350 for each worker who meets the eligibility criteria and will be available from early 2021.</p> <p>Employers or the self-employed will be able to apply for the STAP once in any thirty-day period per eligible worker (unless a health official or medical practitioner advises or requires the worker to re-test).</p> <p>If a worker needs to self-isolate following a positive test result they then may also be eligible for the existing two week Leave Support Scheme. The Leave Support Scheme remains available at all levels.</p>
<p>Availability of Wage Subsidy Scheme</p>	<p>The Wage Subsidy Scheme has been very effective in keeping people in work so far with more than \$14 billion paid out to protect 1.8 million jobs. The core elements of the Scheme will remain the same.</p> <p>The Wage Subsidy Scheme will be in place if there is an escalation to Alert Levels 3 or 4 anywhere in New Zealand, for 7 days or more. Support will be provided in two-weekly payments and total support will match the duration at Alert Level 3 or 4 rounded to the nearest fortnight. Payment rates of \$585.80 per week for each full-time employee are retained, as is \$350 per part-time employee. The same rules on retaining staff and passing on the subsidy remain, as does the eligibility threshold of a 40% decline in revenue.</p> <p>The 40% decline will now be measured in relation to the typical fortnightly revenue in the six weeks prior to the</p>

	<p>Alert Level escalation, rather than revenues from a year ago. This recognises that the effects of COVID-19 on business have been felt for almost 12 months.</p> <p>Both the public and business have sought better integrity measures for the scheme, so that it benefits those in need. The Ministry of Social Development is boosting these measures, and firms will be asked to keep evidence that the change in Alert Levels is the cause of the decline in revenue. Ministers will continue to monitor the scheme to see if further integrity measures are required.</p>
<p>Cost of the measures</p>	<p>There is no perfect way to estimate the cost of these measures and quantify benefits to business. The effect of the economic downturn due to COVID-19 is still emerging, and it is difficult to quantify the benefits of businesses being enabled to remain in operation as a result of this assistance.</p> <p>In the first instance, the Government would draw funding from existing appropriations that have not been fully exhausted. In the event that additional funding is needed, this will come from the existing COVID-19 Response and Recovery Fund (CRRF). Enough funding remains in the CRRF to manage multiple resurgence events.</p>
<p>When will this package be available?</p>	<p>These measures will be finalised early next year. Current supports including the Wage Subsidy Scheme are retained in the event of any resurgence between now and the full package all being available. As noted above, the new Resurgence Support Payment will be available retrospectively if there is a resurgence before the legislation establishing it has been passed.</p>