

UK job furlough scheme should be copied in NZ

Tourism Industry Aotearoa is urging the New Zealand Government to take a close look at the latest business and job support measures announced by the UK Government.

UK Chancellor Rishi Sunak has announced a **plan** to protect people's jobs and incomes. Under the Coronavirus Job Retention Scheme, any UK employer can apply for a grant to cover 80% of the wages of staff who are not working but are furloughed and kept on payroll, rather than being laid off. Wages are covered, backdated to 1 March for an initial three-month period.

TIA Chief Executive Chris Roberts says New Zealand's wage subsidy scheme is keeping some workers in jobs, but tens of thousands face redundancy.

"Tourism businesses across New Zealand have no customers, no revenue and no choice but to send their loyal staff home. With the Government advice today to avoid all non-essential domestic travel, the last few customers are disappearing for many tourism businesses, and they have no work for their staff," Mr Roberts says.

The wage subsidy is just delaying the inevitable for many businesses. A furlough scheme like the UK has introduced would be enormously beneficial, he says.

"Every business I have spoken to wants to survive this crisis, but they need to go into 'hibernation' – cutting costs to a minimum while protecting their key assets, which includes their staff.

"There will come a time to start the recovery, and tourism operators will need their staff available and ready to get back to work. Those staff need to be able to feed their families in the meantime."

Under its Coronavirus Business Interruption Loan Scheme, the UK Government is also providing interest-free business loans for up to 12 months. VAT payments have been deferred for three months.

"New Zealand businesses also need access to capital and relief from tax payments," Mr Roberts says. "The UK Government has made some questionable health decisions but has come up with a sensible and well-structured support package to save businesses and jobs, and our Government needs to at least match it."

UK Chancellor speech <https://www.gov.uk/government/speeches/the-chancellor-rishi-sunak-provides-an-updated-statement-on-coronavirus>

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KEY FACTS

- Tourism in New Zealand is a \$112 million per day industry. Tourism delivers around \$47 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$65 million in economic activity every day.
- Tourism is New Zealand's biggest export earner, contributing \$17.2 billion or 20.4% of New Zealand's foreign exchange earnings (year ended March 2019).
- 14.4% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 393,279 people are working in the visitor economy.
- The **Tourism 2025 & Beyond** sustainable growth framework/Kaupapa Whakapakari Tāpoi has a vision of growing a sustainable tourism industry that benefits New Zealanders.

Visit www.tia.org.nz for more information

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