

Warkworth OfficeShop 5/ 62-64 Queen Street,
Warkworth 0910 /MarjaLubeck @MarjaLubeck**Government provides assistance for key sectors to keep going during Omicron
Minimum Wage raised**

The following information on the assistance for key sectors to keep going during Omicron and the raising of the minimum wage will be of interest to your members.

Assistance for key sectors during Omicron

We're setting up a new close contact exemption scheme with aim of keeping critical supply chains running when the Omicron outbreak gets much bigger.

We've been watching other countries closely and learning from their experiences with Omicron. Clearly as more people get Omicron and they have large numbers of contacts there is a risk to business continuity

The goal is to allow critical business to continue to operate, and avoid a situation where an entire workforce is required to isolate at home

We've been working on this plan for some time with key industries to keep our supply chains operating and critical businesses going when we have high rates of COVID-19 in the community.

We won't be able to keep everyone at work, so our focus needs to be those industries and sectors that have the greatest impact and ensure the necessities of life

The Close Contact Exemption Scheme will come into effect when we move to Phase 2 of our response to Omicron

It will mean that vaccinated workers, without any COVID-19 symptoms, can remain at work if they are identified as a close contact of a positive case by returning a negative rapid antigen test each day before work or their shift.



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Businesses and organisations will be able to self-assess and register as a critical service. There will be spot checks on those signing up to make sure businesses are self-assessing correctly.

It is up to businesses to self-assess and decide if they want to participate in the scheme. In doing so there needs to be an awareness that bringing close contacts into the workplace comes with its own risks to business continuity.

Rapid antigen testing is about 80 per cent accurate. So it is possible people will be onsite with COVID and potentially infecting other workers which could further compromise business operations.

The scheme of course doesn't extend to cases. If you have COVID you have to stay home and isolate

Once registered, and once we enter Phase 2, businesses will be given a letter that will enable them to access the scheme - include allow eligible workers to collect RATs from a collection site if identified as a close contact.

As well as the daily test for these workers, they will also need to comply daily symptom checks and other health measures at work

We are taking a pragmatic approach to Omicron and its management. These changes strike a balance between continuing to keep people safe, but also keep businesses and services operating as smoothly as possible



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Businesses will be able to **register through an online portal** for access to the Close Contact Exemption Scheme. This is open now.

There is a **tool on business.govt.nz to help businesses identify** if the type of work your workers do is critical, and if so, how many of your workers are critical.

It is unlikely that, even if your business is part of a critical sector, all of your workers will be critical for the ongoing maintenance of infrastructure and supply chains.

The tool steps through some key questions, like:

- Is your business or organisation involved in a basic needs area like food production, distribution and sale of basic food, or health services?
- Or is your business or organisation involved in a key services like lifeline utilities, transport, and critical financial services?
- Would the temporary closure of the business or organisation cause significant economic, social or physical harm to the community?

If a worker at a registered business or organisation is identified as a close contact, they will be able to **access RATs free from a collection site** (such as a pharmacy). They will need to bring relevant documents - which includes a copy of a letter the business will receive from the register, and a critical worker authorisation letter setting out the protocols the worker will need to follow.

One of the key reasons the Government has been securing RATs is to ensure that we have enough for critical workers. However businesses and services are free to secure their own RATs.

Other points:

- This is not available for people who test positive for COVID-19, it is only for close contacts
- The close contacts will still need to isolate at home outside of work hours



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- We have also updated guidelines for people who either work alone, or have the capacity to do so. These workers will be able to continue operating in a bubble of one if they are identified as a contact.
- That means for instance farmers, or sole traders including plumbers and residential builders, who operate out of their own space and work alone with no interaction with the public can continue to do that as long as they are vaccinated, don't have symptoms and don't have contact with anyone else.
- These guidelines apply to any workers, not just critical workers, and do not require them to return regular tests.
- You also do not need to register, as is required for the Close Contact Exemption Scheme

Government raises Minimum Wage

The minimum wage will rise by \$1.20 to \$21.20 per hour, from 1 April 2022.

The increase to \$21.20 will provide a much-needed boost to our lowest paid workers and assist many low-income households.

In making this decision, the Government looked at a range of options to ensure workers' pay could increase but in a way sustainable to business.

We are continuing to provide support to businesses through our COVID schemes.

Increases to the minimum wage also benefit the labour market as they promote productivity and provide incentives for businesses to invest in their most important asset – their people.

While New Zealand's labour market has been disrupted by the impacts of COVID-19, jobs and employment have grown across most sectors. New Zealand has had one of the strongest COVID-19 recoveries among OECD countries and is well positioned to sustain an increase in wages for our lowest paid workers.

Unemployment has fallen to a record low of 3.2 percent in the December 2021 quarter.



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This increase will have a stimulatory effect on the economy as many workers will spend the extra money on goods and services, which in turn, will help support businesses.

No increase, or a smaller increase, would erode the real income of our lowest paid workers compared to wage growth and inflation.

1 April is the usual date for increases and aligns with the new financial year for business.

While MBIE models a restraint on new jobs, given we have the lowest unemployment rate in the OECD and we raised the minimum wage by a similar percentage last year, we haven't seen any real world evidence that lots of people will their jobs due to a minimum wage increase

Other countries are experiencing similar levels of inflation due to the pressures from COVID-related issues, like supply chains. The consensus is that wages are not currently a big driver of inflation, so we're not expecting a large impact from this increase to the minimum wage. Stats NZ's latest data shows the biggest drivers of inflation are the cost of transport, food and housing – not wage growth.

Key facts:

Someone working 40 hours per week on the minimum wage will earn an extra \$48 per week, or approximately \$2,500 per annum (before tax).

The training and starting out wages will increase to \$16.96 per hour - 80% of the adult minimum wage.

Approx. 300,000 workers are estimated to receive a wage boost following the rise to \$21.20.

This year's \$1.20 increase will have a direct cost to the Government of approximately \$52 million annually.

