

Covid 19 Delta outbreak: Auckland tourism businesses face fresh blow

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Business-people in Kaikoura's tourism sector are preparing for another difficult winter. Video / George Heard

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Struggling Auckland tourism businesses face being hit again when the city comes out of lockdown and Government subsidies end.

The double blow comes for businesses in a city left a sitting duck by the yet to be satisfactorily explained delay to mass vaccination, glacial rollout of saliva testing and what's been labelled a "stupid" decision to run quarantine operations in the CBD.

Tourism businesses elsewhere in the country are eligible to claim wage subsidies even though they can operate under alert level 2 (because they are affected by the absence of Aucklanders) but when Auckland hits that mark the support is due to stop. Under the current rules this means there will be no wage subsidy help for Auckland businesses once the city steps down from level 3.

Tourism and Small Business Minister Stuart Nash said he acknowledged the "disruption" for the Auckland economy and was in discussion with Finance Minister Grant Robertson about other forms of support to help the businesses through to the other side of lockdown.

One tourism leader says he knows of at least two previously successful businesses which won't make it through and are shutting, while another operator says the bad call early to quarantine arrivals in the middle of New Zealand's biggest city had cast a Covid pall over it.

"People perceive Auckland as Covid Central, full of MIQ hotels, and they don't want to come," says Ben Thornton, owner of Bush and Beach in West Auckland.

If the Government had thought longer-term at the beginning of the pandemic, he says, it was likely it would have built dedicated facilities to minimise border failures and the lockdowns that cost the country up to \$290 million a day.

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"Obviously it was a stupid idea but 18 months later it's too late now," says Thornton, who suffered a 99 per cent hit to his successful business when borders closed to international visitors. He has scraped by since, switching to wine and food tours for Kiwis, courier work with his vans, corporate transport and doing work for domestic violence charity Woven Earth. Staff numbers have fallen from 25 to five "very part-timers".

But he's running short of ideas, worried whether he and other operators in the city can bounce back from the current lockdown.

"I don't think we can, to be honest, and that sounds terrible, because we've got amazing offerings - but somehow we've got to change people's perceptions. They're getting on with their lives and we're still stuck with hermit kingdom here."

Inequity around the wage subsidy - paid when revenue falls by 40 per cent - hurts.

"I think the first thing the Government needs to be seriously looking at is to be aware that level 2 now around the country and potentially level 1. In a couple of weeks' time when we're hopefully down to level 2 we should continue with the wage subsidy because we need it more

Auckland's tourism sector employed an estimated 69,000 people and contributed 4.2 per cent to Auckland's GDP before the pandemic hit.

The city hasn't benefited in the same way as the rest of the country from the domestic tourism surge with closed borders - mainly because Aucklanders travel to spend their money elsewhere and Thornton says this will be exacerbated after this lockdown.

"You can guarantee that if we're down to level 2 for the school holidays Aucklanders will be off again doing their thing in Queenstown and the rest of the South Island."

Gavin Oliver, the chairman of Auckland's Regional Tourism Forum and owner of EcoZip on Waiheke, says his phone has been running hot with calls from worried tourism business owners.

"The road back for Auckland is going to be longer. We don't know how long we're going to be at level 3 and obviously the wage subsidy is a massive help, but for tourism operators, they're still paying rent, or leases, and insurance - all those other fixed costs that continue to go out even when you're not operating."



Ben Thornton, owner of Bush and Beach in West Auckland. Photo / Supplied
One sightseeing business and an adventure tourism operator in Auckland - both long-established and Qualmark recognised - had told him they would not be reopening after lockdown.

"Fatigue isn't a strong enough word. It is really saddening. You've got people who've had really successful businesses until 18 months ago - and through no fault of their own find themselves in a situation where they're dipping into mortgages and their retirement funds to keep going."

Auckland Unlimited promotes the region and Pam Ford, director investment and industry, said operators were feeling the mental, personal and financial hardship of lockdowns.

"And sadly, some of these businesses are facing the prospect of having to make tough decisions about their future."

During the past 16 months, Auckland Unlimited has facilitated more than \$18 million of government-funded business advice and this included more than 700 businesses that received tourism transition funding totalling more than \$3.38m (the bulk of this was distributed April-July 2021).

The Government's Covid-19 Business Advisory Fund and Tourism Transitions Fund are now exhausted, and no new funding has been announced, said Ford.

Through spokeswoman Kathryn Street, Nash said: "I acknowledge the disruption for the Auckland economy and understand the concerns. I am in discussion with the Minister of Finance and the Government remains open to considering other forms of business support to ensure businesses can get through this lockdown and come out the other side."

Nash is also Minister of Small Business, Economic and Regional Development and said while the wage subsidy and the resurgence payment are the primary means of business support, they are not the only support available.

Other financial support includes concessionary interest-free loans under a small business cashflow loan scheme and lump-sum payments under a leave support scheme and short-term-absence payment.

Five South Island regions - Fiordland, South Westland, Queenstown Lakes, Mackenzie District and Kaikōura - got more than half of a \$200m Government package announced in May after last year's disparaged Strategic Assets Protection Programme, which led to claims rich listers were being favoured over small operators who had to exhaust all their funds including childrens' savings accounts in order to qualify.



Gavin Oliver heads Auckland's Regional Tourism Forum and owns EcoZip on Waiheke.
Photo / Ted Baghurst

In West Auckland Thornton can understand why those South Island areas were targeted, where just a single tourism business can have a big economic footprint and there are fewer opportunities for a firm to do something else.

But he says he is part the community too.

"We employ locals, take people there who spend money in the summertime, we do pest control, we support the surf club so if you look at Piha as a 1000-person hamlet we're much the same."

He says Auckland tourism businesses are worth preserving, not only for the city's 1.6 million residents but for international visitors when they return. The city is a drawcard for the Australian market, likely to be even more important as long-haul travel could take longer to bounce back.

"We are hanging out for the return of Australian clientele who treat Auckland as a short holiday, as they do interstate travel within Australia. They fly over for five to seven days and base themselves in the city and then get out and enjoy tourism activities, food and drink."