



DYHRBERG DRAYTON  
EMPLOYMENT LAW

## What's New Update: Changes to COVID-19 Leave Support Scheme

### Overview

On 24 April 2020 the Government announced an extension to the COVID-19 Leave Support Scheme, ahead of the move to Alert Level 3. Previously directed towards essential workers only, the eligibility criteria have been broadened to include all businesses, organisations and self-employed people.<sup>1</sup> It has been renamed the COVID-19 Leave Payment.

### Eligibility for the COVID-19 Leave Payment

The other eligibility criteria that existed prior to the extension remain the same. That is, eligible employers can receive the same rates as the Wage Subsidy Scheme (\$585.80 for full-time workers and \$350 for part-time workers) where the employee:

1. is at higher risk if they contract COVID-19, and [Ministry of Health guidelines](#) recommend they stay at home during lockdown (and potentially longer); or
2. came into contact with someone who has contracted COVID-19 and must self-isolate for 14 days (as required by [Ministry of Health guidelines](#)); or
3. has tested positive for COVID-19 and is required to remain off work until they've been cleared by a health professional to be released from self-isolation; or
4. has household members who are at higher risk if they contract COVID-19 and the Ministry of Health [recommends](#) the worker also remains at home to reduce the risk to them.

The Leave Payment requires employers to have:

- a. experienced a minimum 30 per cent decline in actual or predicted revenue over the period of a month when compared to the same month last year, or a reasonably equivalent month for a business operating less than a year, and that revenue loss is attributable to the COVID-19 outbreak; or
- b. had its ability to support its employee due to the COVID-19 public health restrictions negatively impacted.

Employers must also discuss the application with the employee before making it, obtain their consent to the relevant points outlined in the [declaration](#) and agree that they fall into one of the eligible groups. Employers do not have to receive proof from the employee regarding their eligibility.

Employers should also discuss with the employee how to best support them; for example, agreeing to use sick or annual leave entitlements, and using the subsidy towards these payments. However, employees are not required to have used their paid leave entitlements before an application can be made.

### Payment Obligations

Employers must use their best endeavours to pay at least 80% of the employee's usual income, or, if this is not possible, the full Leave Payment. Employers must always consult with an employee about any proposal to reduce their pay below 100%. The employee's written consent is required before any reduction in pay. If the employee's usual weekly income is less than the Leave Payment, any difference should be used to support other employees.

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<sup>1</sup> State sector organisations, including government agencies, Crown entities, schools and tertiary education institutions are ineligible.



Payments will be made as a lump sum on a four-weekly basis, from the date of the application. Employers will be able to re-apply during the fourth week, for that same employee, if required.

Employers cannot access the Leave Payment where they have already received payment under the Wage Subsidy Scheme for the same employee.

Given the larger number of businesses expected to open during Alert Level 3, the Leave Payment alleviates pressure on the above categories of employees who cannot work from home and supports the Government's wider goal of breaking the chain of transmission.

### Apply for the COVID-19 Leave Payment

The Leave Payment opens for applications from Friday 1 May. Non-essential businesses cannot apply until this date. Applications under the previous Essential Workers Leave Support Scheme will continue to be processed.

Employers will be able to apply for the Leave Payment on the MSD website.

If you would like more information about these changes, or their implications, please contact us on:

- T: 04 550 4060 or 04 550 4062 (these numbers will divert to our mobiles)
- E: [steph@ddelaw.co.nz](mailto:steph@ddelaw.co.nz) or [johanna@ddelaw.co.nz](mailto:johanna@ddelaw.co.nz)