



DYHRBERG DRAYTON  
EMPLOYMENT LAW

## What's New Update: COVID-19 Resurgence Wage Subsidy

### Overview

The Government has announced a new two-week payment (**Resurgence Wage Subsidy**) for employers (including those who are self-employed) who have been financially impacted by the resurgence of COVID-19 and the increase in Alert Levels, so businesses can keep paying their employees.

### Resurgence Wage Subsidy Rates

The weekly rates will be the same as under the Wage Subsidy and Wage Subsidy Extension, that is \$1,171.60 (\$585.80 per week) for a full time employee, and \$700 (\$350 per week) for part time employees (less than 20 hours per week). The subsidy will be paid in a two-week lump sum. Note that the subsidy must be used to pay employees' wages and receiving it **does not** change existing employment law obligations.

### Eligibility

Businesses must have had or expect to have a revenue drop of at least 40% for a 14-day period, between 12 August to 10 September 2020, compared to a similar period past year (or where in operation for less than a year, compared to a 14-day period that gives the best estimation of the revenue decline). The decline must also be related to COVID-19.

The subsidy will be open to the same types of employers currently eligible for the Wage Subsidy Extension, including:

- contractors;
- self-employed people and sole traders;
- registered charities;
- NGOs;
- incorporated societies;
- post-settlement governance entities;
- local government organisations; and
- kindergartens and Early Childhood Centres.

The business must be registered and operating in New Zealand, and the relevant employees legally working in New Zealand.

Note the subsidy is not available to State Sector Organisations or employees currently on ACC earnings related compensation.

Before receiving the subsidy, a business must demonstrate it has taken active steps to mitigate the financial impact of COVID-19. Such steps may include: drawing on cash reserves where appropriate, negotiating financial arrangements with the bank, making an insurance claim, or activating a business continuity plan. Businesses receiving the subsidy will need to agree to:

- pass the subsidy on to employees;
- retain employees for the duration of the subsidy; and
- do their best to pay employees at least 80 per cent of their normal pay.

Note, it is not possible to receive more than one COVID-19 payment from Work and Income NZ for the same employee at the same time. This includes the Wage Subsidy, the Leave Support Scheme, and the Wage Subsidy Extension.

Those who are eligible for the subsidy will need to apply through Work and Income. Applications can be made from 1:00pm on 21 August 2020 to 11:59pm on 3 September 2020.

The Government has also announced that from 1:00pm on 21 August the revenue test will no longer apply to the Leave Support Scheme. See our **What's New of 28 April** for more information about this scheme.

Please also see our **What's New of 19 May** for more information about the Wage Subsidy Extension, which closes on 1 September at 11:59pm.



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

T: 04 550 4060 or 04 550 4062

E: [steph@ddelaw.co.nz](mailto:steph@ddelaw.co.nz) or  
[johanna@ddelaw.co.nz](mailto:johanna@ddelaw.co.nz)