



COVERSHEET

Minister	Hon Andrew Little	Portfolio	Workplace Relations and Safety
Title of Cabinet paper	COVID-19 Leave Support Scheme Changes	Date to be published	3 November 2020

List of documents that have been proactively released		
Date	Title	Author
September 2020	COVID-19 Leave Support Scheme Changes	Office of the Minister of Workplace Relations and Safety
21 September 2020	CAB-20-MIN-0451	Cabinet Office

Information redacted

YES / NO [select one]

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

COVID-19 Leave Support Scheme Changes

Portfolios Finance / Health / Workplace Relations and Safety / Social Development

On 21 September 2020, Cabinet:

Background

- 1 **noted** that:
 - 1.1 on 14 August 2020, Cabinet agreed in principle that the COVID-19 Leave Support Scheme (LSS) should be modified to support the government's resurgence plan, and invited the Minister of Finance to submit a further paper to finalise decisions [CAB-20-MIN-0399];
 - 1.2 on 17 August 2020, Cabinet agreed to remove the 'revenue drop' and 'negatively impacted' tests and directed officials to report back to Ministers on further changes [CAB-20-MIN-0402];
- 2 **noted** that officials have undertaken further work and propose the following short-term changes to the LSS:
 - 2.1 expanding the eligibility criteria to extend coverage to groups where the benefits of inclusion are greater than the costs and risk from exclusion;
 - 2.2 linking scheme-eligibility to receiving a directive to self-isolate from a Medical Officer of Health or their delegate (being the local District Health Board Public Health Unit), or a medical practitioner, including while waiting for test results or, if they have returned a negative test, directed to continue to self-isolate;
 - 2.3 limiting eligibility for those in Managed Isolation or Quarantine facilities to those who are in those facilities as a result of community transmission either in New Zealand or future safe travel zones;
 - 2.4 changing the payment period from four weeks to two weeks, at the same weekly rates;
- 3 **noted** that it will take the Ministry of Social Development (MSD) five working days from Cabinet decisions to implement these changes, with applications being accepted from midday, Monday, 28 September 2020;
- 4 **noted** that, if agreed, MSD will implement these changes using the same high trust approach, centred on an employer submitted application and completed declaration form, as with previous and current Leave Support and COVID-19 Wage Subsidy schemes;

- 5 **noted** that exemptions provided to State Sector Organisations (including State Owned Enterprises) enabling them to apply for the LSS continue to apply;

Changing the eligibility criteria

- 6 **agreed** to expand the eligibility criteria for the LSS to cover the following groups:
- 6.1 people who are symptomatic and meet the Ministry of Health's Higher Index of Suspicion (HIS) criteria and are directed to self-isolate until the return of a negative test result, with exceptions for people who are either international air crew (who are provided with other supports) or have travelled internationally (captured under the MIQ requirements);
 - 6.2 people who are directed to self-isolate by a Medical Officer of Health or their delegate (being the local District Health Board (DHB) Public Health Unit), including those who return a negative test and those not required to get a test;
 - 6.3 symptomatic people working in a health and disability facility or a health and disability service that is funded, in part or whole, by a DHB, the Ministry of Health or MSD (such as businesses that provide community health care) not employed by the State Sector including, for example:
 - 6.3.1 the disability support workforce who are at higher risk of transmitting COVID-19 to vulnerable people and are staying home while awaiting a test or test result;
 - 6.3.2 workforces in a primary care facility such as nurses and doctors in a general practice clinic and are staying home while awaiting a test or test result;
 - 6.4 symptomatic people working in an aged care facility or service who are staying home while awaiting a test or test result;
 - 6.5 the parent or caregiver of a dependant who is directed to self-isolate and needs support to do so safely;
- 7 **agreed** to link scheme-eligibility to receiving a directive to self-isolate from a Medical Officer of Health as defined under the Health Act 1956 or as advised by a medical practitioner as defined under the Social Security Act 2018;
- 8 **noted** that an effect of these changes is that people meeting HIS criteria, including non-state sector organisation workers at the border, will qualify once directed to self-isolate rather than only if they were a close contact or returned a positive test;
- 9 **noted** that an employer will be eligible to apply for the LSS for any employee waiting on a test result who is directed to self-isolate (regardless of how long they are told to stay home);
- 10 **agreed** to remove LSS eligibility for people who have arrived in New Zealand and are required to enter Managed Isolation and Quarantine because:
- 10.1 they are returning to New Zealand from living overseas;
 - 10.2 they have travelled to a country outside of a future safe travel zone; or
 - 10.3 they are migrating to NZ;

11 **noted** that people who are at higher risk if they, or a person in their household, get COVID-19 and they need to self-isolate to reduce that risk while public health restrictions are in place will continue to be eligible for the LSS;

Changing the payment terms

12 **agreed** that the current weekly payment rates of \$585.80 gross for people working 20 hours or more (full-time) and \$350 gross for people working less than 20 hours (part-time) remain unchanged;

13 **agreed** to provide the subsidy in two-weekly instalments rather than the current four-weekly instalments;

Financial implications

14 **noted** that the estimated additional cost of making these short-term changes to the LSS is estimated to be between \$61 million and \$68 million;

15 **noted** that to implement these changes MSD will require an initial \$250,000 in IT funding;

16 **noted** that the changes to the scheme are to be funded by:

16.1 around \$30 million currently unallocated in the COVID-19 Leave Support Scheme appropriation for the 2020/21 year; and

16.2 \$31.0 million of new funding from the COVID-19 Response and Recovery Fund (CRRF);

17 **agreed** that the changes to the LSS will, in part, be funded from unallocated funding remaining in existing appropriations;

18 **approved** the following changes to appropriations to enable MSD to establish, administer and/or pay the scheme and to audit the scheme, with a corresponding impact on the operating balance:

Vote Social Development Minister for Social Development	\$m – increase/(decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
Non-Departmental Other Expenses: COVID-19 Leave Support Scheme	31.000	-	-	-
Multi-Category Expenses and Capital Expenditure Improved Employment and Social Outcomes Support				
Departmental Output Expenses: Improving Employment Outcomes (funded by revenue Crown)	0.250	-	-	-
Total Operating	31.250	-	-	-

- 19 **agreed** that the expenses incurred under paragraph 18 above be charged against the COVID-19 Response and Recovery Fund established in Budget 2020 [CAB-20-MIN-0155];
- 20 **agreed** that changes to appropriations for 2020/21 in paragraph 18 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

Next steps

- 21 **authorised** the Minister of Finance, Minister of Health, Minister for Workplace Relations and Safety, and the Minister for Social Development to make minor policy and operational updates to LSS settings if required to reflect changes in public health guidelines, within the overall policy settings;
- 22 **agreed** that any underspends with the COVID-19 Leave Support Scheme as at 30 June 2021 be transferred to the 2021/22 financial year to ensure that funding is available for the scheme in 2021/22, as may be required;
- 23 **authorised** the Minister of Finance and the Minister for Social Development to jointly agree the final amount to be transferred, following completion of the 2020/21 audited financial statements of the Ministry of Social Development or beforehand if necessary, with no impact on the operating balance and/or net core Crown debt across the forecast period;
- 24 **agreed** that any non-departmental funding drawn down from the COVID-19 Response and Recovery Fund that remains unused at the cessation of the LSS be returned to the COVID-19 Response and Recovery Fund;
- 25 **noted** that officials are preparing further advice on longer-term changes that could be made to the LSS, a more sustainable wage subsidy scheme, and statutory leave entitlements.

Michael Webster
Secretary of the Cabinet