

Updates announced to the Wage Subsidy Scheme

Since moving to a national lockdown under level four of the COVID-19 alert level system, the Government has decided changes are required to their wage subsidy scheme to further support New Zealanders.

The intent of the changes is to ensure that businesses will be ready to reboot and recover once the lockdown is over and that workers and families will not be losing employment and income during the lockdown.

The key changes, which apply from 4 pm on 27 March 2020, are:

- Businesses accessing the scheme must undertake best endeavours to pay employees 80% of their pre-COVID income and if that is not possible, must be passing on the whole value of the wage subsidy to each affected worker. If a worker's normal income is less than the level of the subsidy, it is expected that employers will pay the normal salary.
- Businesses must undertake to keep employees in employment for the period of the subsidy.
- The previous sick leave scheme, designed for employees in self-isolation, is no longer fit for purpose, so is now closed for applications. A sick leave scheme is in development currently for essential workers who require sick leave due to COVID-19.

All other employment obligations still apply to employers in the payment of staff who are still working during lockdown. The purpose of this scheme is primarily to allow businesses that are not able to operate currently to retain their staff when they are receiving no income.

Resources:

COVID-19: Further steps to protect New Zealanders' jobs

<<https://www.beehive.govt.nz/release/covid-19-further-steps-protect-new-zealanders%E2%80%99-jobs>> 27 March 2020

Wage Subsidy Scheme <<https://www.employment.govt.nz/leave-and-holidays/other-types-of-leave/coronavirus-workplace/wage-subsidy/>>

Clarification of modification to wage subsidy scheme

<<https://www.beehive.govt.nz/release/clarification-modification-wage-subsidy-scheme>> 28 March 2020