STAPLETON CONSULTING

see the forest for the trees

Navigating Covid-19 Leave Payments and Subsidies

Financial Support for Employers

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Below is a range of scenarios to help you, the Employer, identify which leave covid-19 leave payments and subsidies are available when someone can't work due to being sick with covid-19 or are isolating.

Tips before you begin

- When applying for the COVID-19 Leave Support Scheme, you must acknowledge that receiving the subsidy does not override or alter your existing obligations under employment law, and that you will not make any changes to your obligations under an employment agreement (including to rates of pay, hours of work and leave entitlements) without an employee's written agreement.

- You remain responsible for paying an employee's ordinary wages or salary when applying for a subsidy. You must pay the employee in accordance with the employment agreement. However, you and the employee, may agree in writing to reduce an employee's ordinary wages or salary. If the employee agrees to a change to their employment agreement terms, the application for the Leave Subsidy Scheme encourages you to use best endeavours to pay at least 80 per cent of the employee's ordinary wages or salary.

- Guidance for workplaces with staff impacted by COVID-19 | Ministry of Health NZ

Scenarios

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Scenario One: Employee is working from home or at the workplace

Leave Entitlements for Employees:

- → Not applicable as they continue to work

Pay Entitlements:

- → Employee should be paid, as normal, for every hour that they work. This must be paid at least the applicable minimum wage.

Employer Financial Support:

- → If you can show a loss in revenue of 40% or more because of covid-19, you may be eligible for a COVID-19 Support Payment. You will not be eligible for other financial support in this scenario.

Scenario Two: Employee is sick with covid-19, or caring for a dependent who is sick with covid-19

Leave Entitlements for Employees:

- → Employees can use their existing sick leave entitlements.
- → If paid sick leave is not available, paid special leave should be considered.
- → You and employee may alternatively agree that other leave is taken.

Pay Entitlements:

- → Leave is paid in accordance with the Holidays Act and the applicable minimum wage.

Employer Financial Support:

COVID-19 Support Payment

- → If you can show a loss in revenue of 40% or more because of covid-19, you may be eligible for a COVID-19 Support Payment.

COVID-19 Leave Support Scheme

- → If your employees have been asked to self-isolate by a medical professional or MoH delegate for at least 4 consecutive calendar days and they cannot work from home, you can apply for the COVID-19 Leave Support Scheme for them.
- → Employees on a casual contract are also eligible for the payment.
- → You can also use the payment to help pay employees who:
  - are sick with covid-19 and need to isolate until a doctor tells them they no longer need to
  - have been in close contact with someone who has covid-19
  - are at a higher risk of getting sick from covid-19

- live with someone who is at high risk of getting sick from covid-19, and a doctor or health professional has told those in the household to isolate to reduce the risk of transmitting covid-19 to vulnerable household members
- have been asked to self-isolate by public health officials
- need to stay home and look after a dependent child who needs support to self-isolate.

→ The Leave Support Scheme is paid weekly at the rate of:

- $600 a week for full-time employees
- $359 a week for part-time employees

→ You cannot get the Leave Support Scheme and the Short-Term Absence Payment for the same employee at the same time.

→ This financial support is available regardless of whether sick leave is being used or not.

Scenario Three: Employee is not at workplace, cannot work from home and is not sick

For example, a household contact where a family member has tested positive for covid-19

Leave Entitlements for Employees:

→ You and employee should consult the employment agreement and discuss and agree options.

→ Special paid leave could be considered in the short term while you discuss what happens next. Other options that could be considered include:

- annual holidays
- leave without pay*
- long-service leave (if relevant)
- alternative holidays (if relevant)
- other payments (even partial payments) by the employer for a certain period
- any combination of the above.

→ If the desired set of options are not provided for in the employment agreement, it is necessary to negotiate a variation to the employment agreement. If a variation is not agreed, then the existing agreement must be followed.

→ **Note**: if you believe broader variations are needed to hours or other aspects of the agreement, you would need to implement a restructure process with those affected.

Pay Entitlements:

→ Any leave paid must be in accordance with what has been agreed, as well as the Holidays Acts, and the applicable minimum wage.

Employer Financial Support:

COVID-19 Support Payment

- → If you can show a loss in revenue of 40% or more because of covid-19, you may be eligible for a COVID-19 Support Payment.

COVID-19 Short-term Absence Payment

- → This payment allows you to keep paying employees who cannot work from home and:
  - need to stay at home while waiting for a covid-19 test result.
  - need to stay home and look after a dependent child who has been asked to get a covid-19 test
  - live with someone who has been at a location of interest and need to stay home while they wait for the person in the household to get a negative test result.
- → Employees on a casual contract are also eligible for the payment.
- → You can get a one-off amount of $359 for each eligible worker while they are staying home waiting for test results. The amount is the same for both full time and part time employees.
- → You cannot get the Leave Support Scheme and the Short-Term Absence Payment for the same employee at the same time.
- → *If you are receiving a wage subsidy or Leave Support Scheme payment, all named employees must receive a minimum payment depending on their circumstances.

COVID-19 Leave Support Scheme

- → If your employees have been asked to self-isolate for at least 4 consecutive calendar days and they cannot work from home, you can apply for the COVID-19 Leave Support Scheme for them.
- → Employees on a casual contract are also eligible for the payment.
- → You can also use the payment to help pay employees who:
  - are sick with covid-19 and need to isolate until a doctor tells them they no longer need to
  - have been in close contact with someone who has covid -19
  - are at a higher risk of getting sick from covid -19
  - live with someone who is at high risk of getting sick from covid -19, and a doctor or health professional has told those in the household to isolate to reduce the risk of transmitting covid-19 to vulnerable household members
  - have been asked to self-isolate by public health officials
  - need to stay home and look after a dependent child who needs support to self-isolate.
- → The Leave Support Scheme is paid weekly at the rate of:
  - $600 a week for full-time employees
  - $359 a week for part-time employees
- → You cannot get the Leave Support Scheme and the Short-Term Absence Payment for the same employee at the same time.

Scenario Four: Employee is not at workplace, not working from home, not sick, and has not agreed some form of leave with you

Leave Entitlements for Employees:

- → If you and the Employee cannot agree, you can direct the employee to take entitled annual holidays with at least 14 days' written notice.
- → During the 14 days' notice you may notify the employee that they will be taking leave without pay unless the employee advises otherwise.

Pay Entitlements:

- → Directed annual holidays are paid in accordance with the Holidays Act and the applicable minimum wage.

Employer Financial Support:

COVID-19 Support Payment

- → If you can show a loss in revenue of 40% or more because of covid-19, you may be eligible for a COVID-19 Support Payment.

COVID-19 Leave Support Scheme or Short-term Absence Payment

- → If the employee is not at work due to covid -19 implications, for example they are a household contact, then the Employer may be able to apply for the **COVID-19 Short-term Absence Payment or the COVID-19 Leave Support Scheme, as detailed above.**

Scenario Five: Employee is absent from work without agreed leave

Leave Entitlements for Employee:

- → You and the employee should discuss options available for what happens in this situation, as it will most likely include unpaid leave.
- → You should also look at the options available under the employment agreement, as you may need to refer to the abandonment clause.

Pay Entitlements:

- → You and the employee should discuss options available for what happens in this situation, as it will most likely include unpaid leave.

Employer Financial Support:

COVID-19 Support Payment

- → If you can show a loss in revenue of 40% or more because of covid-19, you may be eligible for a COVID-19 Support Payment.

COVID-19 Leave Support Scheme or Short-term Absence Payment

→ If the employee is not at work due to covid-19 implications, for example they are a household contact, then the Employer may be able to apply for the **COVID-19 Short-term Absence Payment or the COVID-19 Leave Support Scheme, as detailed above.**

Have questions and need help?

- There are loads of resources online about Covid-19 now so it is easy to get lost and frustrated.
- **For government subsidies and payments that get passed onto Employees** please refer to the Work and Income website - https://www.workandincome.govt.nz/covid-19/index.html
- For information about the **employer subsidies related to revenue decline** please refer to the Inland Revenue website - https://www.ird.govt.nz/covid-19/business-and-organisations/covid-19-support-payment#Find%20out%20more
- Most subsidy payments are now available and can be paid on a weekly basis. You may need to discuss how to apply and what information you need with your accountant and payroll specialist.
- If you are unsure on how to communicate any of this with your employees, or you are getting questions you don't know the answers to, and your employment agreements are not helping you, please reach out to us for guidance – hello@stapleton.consulting or call us 07 2420 447

STAPLETON CONSULTING

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About Stapleton Consulting

We make your work easier and more enjoyable.

Easy and smooth employment relationships and good employment systems not only make your business perform better but improve your lifestyle and wellbeing.

We work with small-to-medium businesses and job seekers to provide flexible services in:

- Human resources
- Recruitment
- Health and safety
- Payroll

Employment services tailored for you.

The way we deliver our services depends on what you need.

We can be your in-house or on-call specialist for a set number of hours each week or month, giving you the expert employment services, you need without you having to hire a full-time staff member.

Or you can engage us for specific projects as you need – perhaps you need to fill a job vacancy, set up a payroll system for a new business, or undertake an independent investigation into a complaint.

Catherine Stapleton, Principal HR Consultant

Catherine has developed her expertise over the years in a variety of industries, as an in-house HR manager, recruitment specialist, and HR consultant. Supported by a Team of 6 that include an extensive network of specialist service providers ranging from legal, H&S, marketing to organisational psychologists.

We bring a collaborative, multi-disciplinary approach that helps make employment easier for everyone.

Because we have complementary skill sets, we're always bouncing ideas off each other to challenge each other's thinking and bring out creative solutions for those 'grey' areas of employment.

Whether you need someone to look after payroll or employment journey audits, or you have a sensitive HR problem to solve, we can provide expert advice from a fresh perspective.

And if you're having trouble seeing the forest for the trees, that's exactly what you need.

We work with you to help uncover your vision for your business. When we fully understand your needs, we put together a bespoke range of services for you.

There's a world of possibility out there for your business. And with our help, you can take your business wherever you want it to go. Today.

human resources • recruitment • health and safety • payroll