



PEOPLE  
BUSINESS  
EMPLOYMENT LAW

## WGANZ BULLETIN 27 March 2020 - COVID-19

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

The Government has made modifications to the **wage subsidy scheme** to ensure people don't lose their jobs during the national lockdown.

These changes will soften the impact of COVID-19 on workers, families and businesses, and position them to exit the lockdown and look to recovery, Finance Minister Grant Robertson says.

The modifications focus on keeping businesses and workers connected during this unprecedented time. They apply from 4pm today, and include:

- Businesses accessing the scheme must still undertake best endeavours to pay employees 80% of their pre-COVID income. Where that is not possible – in particular where a business has no activity whatsoever due to the shutdown and workers are not working any hours – they must pass on at least the whole value of the wage subsidy to each affected worker.
- Businesses must undertake to keep employees in employment for the period of the subsidy.
- **We are folding the previous sick leave scheme into this scheme** to prevent double-dipping. The original sick leave scheme was designed when few people were in self-isolation, and it is no longer fit for purpose. We are working on arrangements for those in essential work who require sick leave due to COVID-19.

The Treasury now estimates the financial cost of the scheme will be between \$8 billion and \$12 billion depending on uptake by businesses.

“These modifications are about keeping New Zealanders currently at home in lockdown connected to the job they were in on Wednesday before it started,” Grant Robertson said.

“This ensures businesses not able to operate do not need to lay off staff. Even if this requires businesses to operate with no activity, the subsidy allows them to keep their workers on the books, particularly during Alert Level 4.”

The wage subsidy is a Government payment to help employers pay wages. It does not change any other employment law obligations, meaning employees must be paid appropriately under their employment agreements for the hours they do if they work during the lockdown.

“We are running this scheme on a high-trust model in order to get money out the door and support the workers, families and businesses who are affected by COVID-19. We are also preparing an appropriate audit process that will act as a backstop for this high-trust model,” Grant Robertson said.

The wage subsidy is \$585.80 a week for full-time workers (who worked 20 or more hours per week before COVID-19) and \$350 a week for part-time workers (fewer than 20 hours). It will continue to be paid out in a lump sum covering the 12 weeks, meaning a \$7,029.60 payment per full time worker.

**This bulletin is brought to you by the Window and Glass Association’s free employment helpline 0800 692 384. If you have any questions or would like to discuss the bulletin above, please call Philip or Anthony on the helpline.**

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