

# The Treasury

## Advice on COVID-19 Response Information Release

December 2021

This document has been proactively released by the Treasury on the Treasury website at:

<https://www.treasury.govt.nz/publications/information-release/advice-on-covid-19-response-information-release>

### Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [33] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

### Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

### Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to [information@treasury.govt.nz](mailto:information@treasury.govt.nz).



**Joint Report:** COVID-19 Leave Support Scheme and Short-Term  
Absence Payment review and next steps

<b>Date:</b>	1 October 2021	<b>Report No:</b>	T2021/2479 REP/21/9/1019 MBIE 2122-1226
		<b>File Number:</b>	SH-3-5

**Action sought**

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	<b>Agree</b> the recommendations in this report.	4 October 2021
Minister of Workplace Relations and Safety (Hon Michael Wood)		
Minister for Social Development and Employment (Hon Carmel Sepuloni)		

**Contact for telephone discussion (if required)**

Name	Position	Telephone	1st Contact
Keiran Kennedy	Manager, Welfare & Oranga Tamariki, The Treasury	N/A <sup>[35]</sup> (wk)	✓
Chris Hubscher	Manager, Employment Standards Policy, Ministry of Business, Innovation and Employment	N/A (wk)	
Megan Beecroft	Manager, Employment Policy, Ministry of Social Development	N/A (wk)	

**Minister's Office actions (if required)**

Return the signed report to Treasury, MBIE and MSD.

**Enclosure:** No

# Joint Report: COVID-19 Leave Support Scheme and Short-Term Absence Payment review

---

## Executive Summary

---

This report sets out the findings of the initial review of the COVID-19 Leave Support Scheme (LSS) and COVID-19 Short-Term Absence Payment (STAP), which were established to support employees and employers with the burden of complying with public health rules related to self-isolation requirements. To date, these schemes have played a relatively minor role in the suite of COVID supports due to limited community transmission and other supports available at higher alert levels.

The initial review has identified issues with the schemes that may be impacting their effectiveness under the current public health framework. The review findings should be treated as indicative, but help inform where to prioritise further work on the LSS and STAP in a changing public health context. The issues under the current framework include a lack of understanding of eligibility criteria, limited awareness, and limited perceived benefits to employers of these schemes. [33]

We understand that the Government is considering the future direction of the health strategy and the public health framework, and any new public health framework may be implemented in November depending on the external environment. In the short term<sup>1</sup>, the LSS and STAP may need tweaks to ensure they remain workable under the new framework. Depending on the nature of the changes, the lead time to implement any changes means they may not be available immediately when the new framework is launched.

In the medium to longer-term (post implementation of the new health framework), we are seeking direction from Ministers now for any substantive changes or revisions required to these schemes to fit the new health strategy, which, depending on the changes, may have to be implemented in 2022.

We want to discuss these issues with you and get your direction on the role these supports will play in the future COVID-19 public health strategy and framework, [33]

## Recommended Action

---

We recommend that you:

- a **note** that the LSS was established to support compliance with self-isolation requirements and the STAP was established to support compliance with testing and associated self-isolation
- b **note** that the LSS and STAP may become a more prominent part of the suite of COVID-19 supports as the health response evolves

---

<sup>1</sup> Short-term means prior to and immediately following the implementation of the new health framework.  
T2021/2479: COVID-19 Leave Support Scheme and Short-Term Absence Payment review and next steps

- c **note** that initial findings of a review of the LSS and STAP suggest key issues warrant further assessment under the status quo, including complex eligibility criteria, lack of awareness among employers, and limited perceived benefits to the employer
- d **note** that as the Government receives advice on a new public health strategy and framework, the LSS and STAP will need to be revisited to ensure they remain workable under this new approach
- e. **note** that short term changes may not be available at the same time as the new health framework due to implementation lead times, depending on the extent of changes.

f [33]

- g **agree** to discuss the table in Appendix 1 and the direction of travel for this work as part of the broader public health context with officials to inform next steps on the LSS and STAP

*Agree/ disagree*  
**Minister of Finance**

*Agree/ disagree*  
**Minister for Social  
Development and  
Employment**

*Agree/ disagree*  
**Minister for  
Workplace Relations  
and Safety**

- h **indicate** if you wish to have a joint Ministers' discussion regarding this advice;

*Agree/ disagree*  
**Minister of Finance**

*Agree/ disagree*  
**Minister for Social  
Development and  
Employment**

*Agree/ disagree*  
**Minister for  
Workplace Relations  
and Safety**

i [33]

j

*Yes/ no*  
**Minister of Finance**

*Yes/ no*  
**Minister for Social  
Development and  
Employment**

*Yes/ no*  
**Minister for Workplace  
Relations and Safety**

Keiran Kennedy  
**Manager, Welfare & Oranga Tamariki  
The Treasury**

Chris Hubscher  
**Manager, Employment Standards Policy  
Ministry of Business, Innovation and  
Employment**

Megan Beecroft  
**Manager, Employment Policy**  
**Ministry of Social Development**

Hon Grant Robertson **Minister of Finance** Hon Michael Wood  
**Minister of Workplace Relations**  
**And Safety**

Hon Carmel Sepuloni  
**Minister for Social**  
**Development and Employment**

# Joint Report: Leave Support Scheme and Short-Term Absence Payment review

---

## Purpose of Report

---

1. This report sets out the findings of an initial review of the COVID-19 Leave Support Scheme (LSS) and the COVID-19 Short-Term Absence Payment (STAP) and considers further issues that may arise should LSS and STAP become more prominent supports in the future.

## Background and context

---

2. The LSS and STAP were established to support employees and employers with the burden of complying with public health rules related to self-isolation requirements. They are an important component of the public health response. The LSS and STAP schemes are the supports most targeted at compliance with public health measures.

## Review – overview and initial findings

---

3. The objectives used to guide the initial review of LSS and STAP review were:
  - **Objective one:** ensure LSS and STAP remain fit-for-purpose in the context of the evolving health response to COVID-19.
  - **Objective two:** ensure LSS and STAP provide support that is appropriately directed and accessible.
  - **Objective three:** ensure LSS and STAP are financially sustainable in the long term.
4. The review was considered in the context of the current and future health response, with strategies such as <sup>[33]</sup>

Changes such as these may result in an increased focus on more individualised support schemes, such as LSS and STAP, to incentivise compliance and reduced use of larger-scale measures such as the Wage Subsidy Scheme.

5. The review was designed to be 'light touch' and there is limited available evidence. The use of higher Alert Levels and the Wage Subsidy mean the LSS and STAP have not been used significantly by employers and employees. This could change in future if the larger-scale measures were to be retired as the framework that triggers support changes. The review findings should be treated as indicative, to better understand if and where to prioritise further work on the LSS and STAP.

## Initial review findings

6. The initial assessment suggests that the schemes are broadly fit for purpose in the current outbreak and to support the current Alert Level framework. However, the initial review has identified issues with the schemes that may be impacting their effectiveness under the status quo public health framework. We have also considered further issues and questions that may arise should LSS and STAP become more prominent supports in the future. The high-level findings are set out below.

### ***LSS and STAP under the status quo COVID-19 public health framework***

7. In the first instance, we have considered any issues with the LSS and STAP under the status quo (i.e. current Alert Level system, elimination strategy). Key findings include:
- There is a lack of understanding of LSS and STAP eligibility, including which public health situations are covered. The Declaration and guidance are complex because they cover a wide array of scenarios and have evolved iteratively.
  - Initial engagement with stakeholders suggests limited awareness of the schemes including eligibility criteria, which suggests a need for specific and improved communications.
  - There may be limited perceived benefits for the employer if applying for a single staff member, and concerns about not meeting eligibility requirements and having repayment obligations. Although workers may comply with health guidelines anyway and employers may continue paying them, the context for these behaviours could change under a different public health framework.
  - [33]
- For more detail, key uptake statistics and data can be found in Appendix 2

### ***LSS and STAP as more prominent COVID-19 supports***

8. [33]

#### *In the short term (prior to the implementation of the new health framework)*

9. In the short term, the LSS and STAP may need tweaks to ensure they remain workable under the new health framework. This includes a need to clarify the intent and application of the LSS and STAP for situations other than directions to individuals to self-isolate, such as section 70 orders under the Health Act 1956, as was recently used for northern Hauraki. We consider this to be a priority issue in need of resolution, and seek Ministerial direction on whether you would like further advice on this. Clarification of this issue will ensure the LSS and STAP provide support for the health response that meets Ministers' intentions in case Section 70 orders are more widely used.
10. At the same time, officials could review the Declaration with a view to streamline and simplify eligibility rules. This may require Ministers to reconfirm or update the policy intent of the schemes particularly if the criteria for self-isolation changes.
11. The lead time to implement any changes means they may not be available immediately when the new framework is launched.
12. [39]

*In the medium to longer-term (post implementation of the new health framework)*

13. There is a choice for Ministers regarding how best to support the future public health response, noting that a revised public health framework is being developed and may be implemented in November. Once there is clarity on the future public health strategy and framework, the LSS and STAP may need to be adapted or replaced to ensure supports align with the health strategy.
14. It would be useful for Ministers to consider and signal now how important the following design features and objectives are:
  - [33]
  - 
  - 
  - 
  - 
  - 
  - 
  - 
  - 
  -
15. Note that implementing shifts in these areas would be significant and would need to consider factors such as legislative change, resourcing, interactions with employment law, and work programme trade-offs.

### Next steps

---

16. We seek Joint Ministers' agreement to discuss the advice in this paper and seek guidance on the direction of travel for this work. As the Government develops the new public health strategy and framework, consideration will need to be given in parallel to the appropriate supports for this strategy. This may include short term adaption of the LSS and STAP schemes, or more fundamental changes in the medium-longer term post implementation of the new health framework.
17. Any short-term changes may not be available at the same time as the new health framework is launched due to implementation lead times.
18. [33]







**Appendix 2 – Data on scheme uptake**

- Uptake of the schemes to-date has generally followed the presence of COVID-19 community transmission but has been low compared with the total number of tests performed. Interpreting the data is complicated by the fact that Wage Subsidies were available in September 2020, March 2021, and currently.

Period	Applications approved	Payments, \$000
May 2020-Jun 2021*	3,732	\$20,898
18 August - 29 Sep 2021 (current outbreak)	2,016	\$6,349

\*This covers the current iteration of the Leave Scheme since May 2020 to June 2021 and excludes the previous Essential Workers Leave Scheme and earlier COVID-19 Leave Scheme in March 2020. A consistent data set is not available to cover the entire period to-date.

Period	Applications approved	Payments, \$000
Feb 2021-Jun 2021#	10,689	\$5,334
18 August - 29 Sep 2021 (current outbreak)	3955	\$3,237

#This covers the period since the STAP was introduced to June 2021. A consistent data set is not available to cover the entire period to-date.

Community testing and demand for STAP and LSS (per week)

