

The Treasury

Advice on COVID-19 Response - Tranche Two Information Release

September 2022

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**MINISTRY OF SOCIAL DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

TE TAI ŌHANGA
THE TREASURY**Joint Report:** Treasury / Ministry of Social Development - Adapting the COVID-19 Leave Support Scheme and Short-Term Absence Payment to the COVID-19 Protection Framework

Date:	17 November	Report No:	T2021/2879 REP/21/11/1255
		File Number:	SH-3-5

Action sought

	Action sought	Deadline
Minister of Finance (Hon Grant Robertson)	Agree the recommendations in this report.	18 November 2021
Minister for Social Development and Employment (Hon Carmel Sepuloni)		
Minister of Revenue (Hon David Parker)	Note this report.	
Minister for Workplace Relations and Safety (Hon Michael Wood)	Agree the recommendations in this report.	

Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Gabrielle Barratt	Senior Analyst [39]	[35]	✓
Keiran Kennedy	Manager, Welfare & Oranga Tamariki, The Treasury		
Edward May	Manager, Employment Policy, Ministry of Social Development		

Minister's Office actions (if required)

Return the signed report to Treasury.

Joint Report: Treasury / Ministry of Social Development -
Adapting the COVID-19 Leave Support Scheme and
Short-Term Absence Payment to the COVID
Protection Framework

Executive Summary

Under the new COVID-19 Protection Framework (CPF) and approach to testing, tracing and self-isolation, several changes to the COVID response are expected that could affect the current use and suitability of the COVID-19 Leave Support Scheme (LSS) and Short-Term Absence Payment (STAP).

The shift from an elimination to a suppression and harm minimisation strategy means that income supports relating to COVID-19 costs should reflect that businesses are expected to adjust and be able to operate with COVID-19 in the community. Supports should help employers and employees bear costs beyond the norm, rather than immediately become available when a small brush with COVID-19 occurs.

Implications of the proposed approach for the LSS

The new approach will mean there is likely to be increased demand for the LSS, changing minimum self-isolation periods, and an opportunity to build integrity checks into LSS processes if accessing information from the Ministry of Health (MoH) is possible.

In the short-term, there are some changes that can be implemented which will make the LSS more fit for purpose and to be more aligned to the system supporting the CPF. We propose changing the LSS from a fortnightly payment to a weekly payment (noting businesses will need to reapply for subsequent weekly payments), implementing rounding up/down rules to operationalise multiple weekly LSS payments for varying self-isolation periods, and clarifying the name of the LSS as the “COVID-19 Leave Support” (CLS).

Implications of the proposed approach for the STAP

The transition to the CPF has implications for the STAP. The STAP is designed to help employers to pay employees who miss work while waiting for the results of a COVID-19 test. We understand there will be changes to MoH’s testing strategy which will apply from December and under the CPF. Changes include discontinuing the recording of Casual Plus and Casual exposure events and publication of locations of interest in most cases. These kinds of events have previously been a key target for support through the STAP, and their removal weakens the case for a STAP.

We recommend that the STAP be retired as a standalone payment, and that the outcome of supporting individuals to comply with testing requirements should be delivered through the LSS. The proposed LSS rounding rules mean that an employee will need to have been at home for at least four days to be eligible. We consider that the decision to retire the STAP should be made on an in-principle basis, subject to finalisation of the CPF testing strategy by MOH, and also to Treasury-led targeted stakeholder consultation with employee representative groups such as the Council of Trade Unions.

Applying the LSS to localised lockdowns

As a holding position, Cabinet agreed that the LSS would not be available for people subject only to geographic-based lockdowns [CAB-21-MIN-0458]. This was agreed to prevent the LSS turning into a de facto Wage Subsidy Scheme (WSS), once the WSS had been turned off.

However, the new approach to localised lockdowns under the CPF will be more flexible, with varying settings depending on the needs of the community in question [CAB-21-MIN-0477 refers]. Under local lockdowns, we consider there is a case for LSS support for those who cannot work due to being subject to a localised lockdown order. Making LSS available in such situations would contribute to social licence for the continued use of this public health lever and compliance with lockdown orders.

The criteria for LSS are different to the WSS – for example, employers who can legally operate but have had their suppliers or customers cut off due to a localised lockdown would not be eligible.

We recommend the following principles be proposed for the LSS in the Minister of Finance's 22 November paper "Economic supports under the CPF":

- Support workers and their employers when individuals are prevented from working because they have COVID and/or must comply with individual public health directions.
- Provide limited support through the LSS in case of localised lockdowns to share the burden of compliance with workers and firms.
- Retain Ministerial discretion over any return to broader economic supports, such as wage subsidies.

We also recommend the Cabinet paper seeks to delegate design decisions for applying the LSS to local lockdowns to the Minister of Finance, Minister for Social Development and Employment, and the Minister for Workplace Relations and Safety.

Officials will provide further advice on additional economic support that may be appropriate in scenarios such as several local lockdowns, extended local lockdowns, or regional lockdowns in early December.

Communications

Officials consider it appropriate to hold off on the previously-agreed proactive communications push about the LSS and STAP schemes until final policy decisions have been made [T2021/2529 and T2021/2568 refer]. Treasury and MSD will collaborate on a proposed communications plan for a scheme re-launch for early 2022.

Recommended Action

We recommend that you:

- a **note** any decisions we recommend seeking Cabinet approval for can be sought in the 22 November Cabinet paper “Economic supports under the new CPF”

COVID-19 Leave Support Scheme (LSS)

- b **agree** to change the LSS from a fortnightly payment to a weekly payment, with businesses needing to reapply for subsequent weekly payments

Agree/ disagree
Minister of Finance

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

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

- c **agree** to seek Cabinet approval to a rounding up/down rule for the LSS, where applicants who have been unable to work for a specified COVID-19 related reason for four days or more in a seven day period (and meet other eligibility requirements) are eligible for a weekly LSS payment

Agree/ disagree
Minister of Finance

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

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

- d **agree** to clarify the name of the LSS as the “COVID-19 Leave Support” (the CLS)

Agree/ disagree
Minister of Finance

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

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

Short-Term Absence Payment (STAP)

- e **agree in principle** to retire the STAP as a standalone payment

Agree in principle/ disagree
Minister of Finance

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

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

- f **note** that the in-principle decision outlined in **recommendation e** is subject to finalisation of the Ministry of Health testing strategy and targeted stakeholder consultation

Integrity measures

- g **note** that applications for COVID Leave Support scheme will likely increase as WSS support is withdrawn

- h **note** that current LSS integrity measures will continue in the transition to the CPF, such as delivery through the employer and most pre-payment checks

i [4]

Agree/ disagree
Minister of Finance

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

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

j [34]

k **note** that agencies will report back on implementation of the LSS and scheme integrity in March 2022

Approach to localised lockdowns

l **agree** to seek Cabinet approval to make the LSS available for localised lockdowns

Agree/ disagree
Minister of Finance

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

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

m **agree** to seek Cabinet approval to the following principles to guide the availability of the LSS in localised lockdowns, with design decisions delegated to the Ministers of Finance, Social Development and Employment, and Workplace Relations and Safety:

- a. Support workers and their employers when individuals are prevented from working because they have COVID and/or must comply with individual public health directions
- b. Provide limited support through the LSS in case of localised lockdowns to share the burden of compliance with workers and firms
- c. Retain Ministerial discretion over any return to broader economic supports, such as wage subsidies

Agree/ disagree
Minister of Finance

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

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

n **note** officials will provide further advice in early December on how the LSS could be limited in a localised lockdown, what further economic support may be appropriate in a localised or regional lockdown, and options to provide this

o **note** that officials will report back on the LSS and STAP in March 2022, and whether further changes are required to make these supports fit for purpose in the new steady state under the CPF

Communications

- p **note** that, given the uncertainty about the LSS and STAP, officials consider it appropriate to hold off on any proactive communications push about these schemes until decisions have been made, and will collaborate on a proposed communications plan for a scheme re-launch for early 2022
- q **note** will reflect agreed policy changes and changes in public health guidance in an updated Declaration and guidance for the LSS.

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

Edward May
**Acting Manager, Employment Policy,
Ministry of Social Development**

Hon Grant Robertson
Minister of Finance

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

Hon Michael Wood
**Minister for Workplace Relations
and Safety**

Joint Report: Treasury / Ministry of Social Development - Adapting the COVID-19 Leave Support Scheme to the COVID Protection Framework

Purpose of Report

1. This report provides covers updates and proposed changes to the COVID-19 Leave Support Scheme (LSS) and Short-Term Absence Payment (STAP), to support a discussion on Thursday 18 November between the Minister of Finance, the Minister for Social Development and Employment, and the Minister for Workplace Relations and Safety.
2. We propose several updates and changes to the LSS/STAP to better support the new COVID-19 Protection Framework (CPF) and localised lockdowns are included in the 22 November Cabinet paper “Economic supports under the CPF”:
 - a. Moving LSS to a weekly payment with rounding up/down rules to give greater flexibility and resilience.
 - b. Changing the name of the LSS to the “COVID-19 Leave Support” (the CLS).
 - c. Using the LSS in certain localised lockdowns.
 - d. Confirming comfort with the LSS integrity approach.
 - e. Confirming whether the STAP is to be continued or retired.
 - f. Providing an update on the LSS communications strategy.

Background

3. 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 (“COVID-19 Leave Schemes”) are the economic supports most targeted at compliance with public health measures.
4. On 18 October 2021 Cabinet agreed to replace the elimination strategy with the minimisation and protection approach, and to replace the Alert Level Framework with the new COVID-19 Protection Framework (CPF) [CAB-21-MIN-0421]. This change in approach has implications for the LSS and STAP as key supports to encourage compliance with the health response. This is particularly so as the Minister of Finance has indicated that the COVID-19 Wage Subsidy scheme (WSS) and other broad-based economic supports would be turned off once the transition away from the current Alert Level framework is complete.

Adapting the LSS to the COVID-19 Protection Framework

5. Under the new CPF and approach to testing, tracing and self-isolation, several changes in the COVID response are expected that could affect the current use and suitability of the LSS and STAP. Key anticipated changes include:

- a. More instances of COVID-19 in the community, which are mostly managed with self-isolation of positive cases and their close contacts, increasing demand for the LSS.
 - b. Turning off the Wage Subsidy Scheme (WSS) and moving away from broad-based economic support, which we expect will increase demand for the LSS.
 - c. A “self-service” model for testing, tracing and self-isolation for low risk locations like education providers and workplaces with limited/no input from an external health professional or official; this model does not align with current LSS/STAP eligibility requirements that require the employee to have been advised by, for example, their GP or the National Contact Tracing Center, or directed to self-isolate by a Medical Officer of Health.
 - d. A change in the testing, tracing and self-isolation approach which has different, shorter minimum self-isolation periods depending on factors like vaccination, health and household status, with most Casual and Casual Plus contacts no longer needing to self-isolate and test unless symptoms develop.
 - e. A shift to localised and regional lockdowns which are flexible and could have differing requirements depending on the community’s needs. This raises a question as to what economic support should be in place for businesses significantly or totally unable to operate due to a public health order, both directly (e.g., a local “stay at home” order that means a workplace cannot open) and indirectly (e.g., a nearby lockdown boundary means a workplace which can operate has suffered a significant revenue decline).
6. Overall, the shift from an elimination to a suppression and harm minimisation strategy means that income supports relating to COVID-19 costs should reflect that businesses are expected to adjust and be able to operate with COVID-19 in the community. Supports should help employers and employees bear costs beyond the norm, rather than immediately become available when a small brush with COVID-19 occurs.
 7. To support the transition to the new CPF, officials propose that some changes which can be implemented in the short-term are made to the LSS and consideration be given to retiring the STAP. It is worth making some changes now to better align the LSS to the requirements in the CPF – however once there is more information on what the steady state will be, further changes to the LSS may be required. We recommend reviewing the LSS/STAP, and broader economic supports under the new CPF, in March 2022 after the transition period to the new framework is complete.
 8. Decisions on these changes are desired as soon as possible, ahead of the Ministry of Social Development’s summer shutdown period where limited operational changes can be made (mid-December 2021 to mid-January 2022). We recommend agreement is sought to changes requiring Cabinet’s approval in the upcoming 22 November Cabinet paper “Economic supports under the CPF”. If the WSS ceased, changes can be implemented as early as December 10; if it is still operating, the implementation timeframe will be longer.

Changing the payment period and rounding rules

9. We propose moving the LSS from a fortnightly to a weekly payment, in addition to creating some rounding rules to give certainty to how many “weekly payments” a particular self-isolating individual may be eligible for.
10. The length of time for which different contacts are required to self-isolate has recently changed (see Cabinet paper “COVID-19 Minimisation and Protection approach –

changes to testing, case investigation and contact tracing“). There may be further changes in future as more evidence on best practice to manage the spread of COVID-19 becomes available. In addition, if an individual has COVID-19, they may need to self-isolate for longer than the minimum self-isolation period. A weekly payment with rounding rules will therefore be more resilient to future changes in minimum self-isolation periods, and more fit for purpose for the new environment where greater volumes of individuals who have COVID-19 will receive the LSS.

11. As making weekly payments does not align precisely with self-isolation requirements, we propose that a principle for rounding LSS payments up or down to the nearest week is developed. Currently applicants for the LSS are asked in the Declaration to confirm their employee has told them they have been directed to self-isolate for 14 days, in accordance with public health guidelines. These changes will make the LSS more flexible for individuals who need to self-isolate for shorter or longer periods.
12. We propose that if an individual is required to self-isolate for 4 days or more in a seven day period, and meets other eligibility requirements currently in effect for the LSS (e.g., they cannot work from home), they will be eligible for a weekly LSS payment. This would include the majority of people self-isolating in the new framework, with most requirements proposed to be either 7 or 10 days. If an individual is required to self-isolate for 11 days or more in a 14 day period, they would be eligible for a payment totalling two weekly amounts, and so on if an individual has to self-isolate for further weeks. We note that businesses would need to reapply for any subsequent weekly payment, as well as sign a Declaration.
13. This rounding down rule aims to balance:
 - a. potential overs and unders
 - b. an appropriate cost sharing between an employer and the government, when accounting for sick leave allowances in business baselines and the extra burden self-isolation requirements put on employers and employees.
14. It is operationally feasible to move the LSS to weekly payments by mid-December 2021; MSD has begun initial work to action this ahead of decisions to meet this implementation date. MSD is likely to need additional funding to operationalise changes to the scheme, and we will report back on costs.

Clarifying the name of the LSS

15. We propose the name of the Leave Support Scheme is clarified as the COVID-19 Leave Support (CLS), with communications around the scheme emphasising the ‘COVID-19’ link. MSD has received queries from businesses who think the LSS covers all situations that involve an employee taking leave. Clarifying the scheme is limited to leave related to COVID-19 will help communicate the purpose of the support.

Implications of the proposed approach for the Short-Term Absence Payment

16. The transition to the CPF has implications for the Short-Term Absence Payment (STAP). The STAP is designed to help employers to pay employees who have to stay at home while waiting for the results of a COVID-19 test and cannot work from home during that time. The STAP’s purpose is therefore to reduce financial barriers to ensure workers can comply with public health guidance by:

- a. getting tested if they are symptomatic or may have been exposed to COVID-19 at a location of interest, and
 - b. staying at home while they await test results.
17. Uptake of the STAP to date has been low compared with the total number of tests performed [T2021/2479 refers]. From the 15 October to the 5 November 2021, there were 2,463 STAP applications approved. There have been approximately 523,930 tests over roughly the same period.¹ There have been 9,385 total approved STAP applications as part of the current delta outbreak, since 18 August 2021.

The CPF will have less of an emphasis on testing for most people

18. MoH is still finalising the model for COVID-19 testing under the CPF. We understand there will be changes to prioritise testing for those who are the highest risk:
- a. Testing will be prioritised for those who are symptomatic, working with COVID-19 positive individuals, or working with individuals who are at risk, and those in contact with large groups of people including vulnerable individuals and communities.
 - b. Casual Plus and Casual exposure events will no longer be recorded, nor will locations of interest, except for use in relation to school and workplace settings where mask wearing protocols are in place for students and staff. Such exposure events have previously been a key trigger for low-risk individuals to get tested and were a target for support through the STAP.

The new testing approach means less demand for a standalone STAP

19. The removal of Casual and Casual Plus events signifies a lower-risk public health environment. High vaccination rates mean the relative public health benefit of testing and precautionary isolation in these cases is lessened. However, there will still be a group of priority test cases (i.e. high-risk and/or symptomatic) who may continue to face financial barriers to testing due to stay-home requirements. This means some form of payment will still be required, albeit on a smaller scale, and with less significant public health implications.
20. [34]

Given the risks associated with continuing a standalone STAP scheme, and the fact that we expect low demand for STAP going forward, we recommend a single pathway to receiving support for self-isolation. A single scheme would be simpler for MSD to operate, and for the public to access. The fact that LSS is moving to 7-day payments provides better alignment with the length of time STAP currently caters for, and presents an opportunity to combine these two schemes.

We recommend the LSS should support self-isolation for COVID-19 testing

21. We recommend that the STAP should be retired as a standalone payment when the last region in the country moves to the CPF, but the outcome of supporting individuals to comply with testing requirements should continue to be delivered through the LSS.

From 18 October to 7 November 2021: See 'total tests' table from 18 Oct to 14 Nov 2021:
<https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus/covid-19-data-and-statistics/testing-covid-19>

However, given the Ministry of Health is still finalising the CPF testing strategy, we consider that this decision should be made on an in-principle basis, subject to finalisation of the strategy and targeted stakeholder consultation with employee representative groups such as the Council of Trade Unions. This will help to ensure the STAP is not prematurely withdrawn should it continue to be necessary to support priority test cases in complying with the new public health guidelines.

22. Merging the STAP and LSS will mean stricter eligibility criteria to access the payment than had been the case for the standalone STAP. This reflects the fact that the LSS rate of \$359 for part-time, and \$600 for full time employees is more generous than the flat \$359 STAP rate. Currently, employers can access the STAP on behalf of their employees if they have to isolate while awaiting a test result, regardless of how long that period is. This could result in overpaying if full-time employees are paid \$600 for one to two days of staying at home while awaiting a test result. We note that changing the LSS from a two to one-week payment will reduce the loss that would have occurred under status quo LSS settings.
23. We recommend that, if employers want to access the LSS based on staying at home awaiting a COVID-19 test result, they will need to wait at least four days before claiming the one-week LSS, which aligns with the rounding rule proposed for the one-week LSS payment. This means there would be no coverage provided for those who take time off work while awaiting a test result for less than four days. However, the proposed welfare approach under the CPF may provide support to this group. This new model will be integrated with the health and economic response, to link those who are self-isolating into existing MSD supports as well as provide referrals to partners and community providers if other essential needs are identified.
24. Given the abovementioned lessened public health risk associated with non-compliance with testing under the CPF (i.e. in a highly vaccinated population), we consider this stricter criterion for accessing the STAP to be acceptable and proportionate to the amount of the payment. [4]

Employers applying for the LSS will be asked to attest that the employee meets the criteria (similar to the wage subsidy). However, we will test this with stakeholders as part of targeted consultation to confirm that the STAP should be retired.

[4]

Approach to localised lockdowns.

32. Cabinet has agreed in the interim that the LSS and STAP are intended to be limited to public health restrictions with an individual basis, rather than providing broad-based support for restrictions that have a geographic basis [CAB-21-MIN-0458]. This decision was sought as a holding position to clarify that the LSS and STAP should not be used as a de facto WSS once it is turned off.
33. The Cabinet paper “COVID-19: Transition To The COVID-19 Protection Framework And The Auckland Alert Level Boundary” [CAB-21-MIN-0477 refers] sets out that localised lockdowns may be used to help suppress the spread of COVID-19 under the COVID-19 Protection Framework (CPF). Localised lockdowns will not be one size fits all, and the settings in them will vary. Controls may include:
 - a. stay at home orders,
 - b. closure of premises,
 - c. restrictions on gatherings and
 - d. restrictions on movement in and out of the lockdown area.

34. Localised lockdowns will be consulted with relevant Ministers prior to being made by the Minister for COVID-19 Response.
35. In the case of people who can't work when they have COVID-19 or are self-isolating due to possible exposure, there is a good argument for LSS support to encourage health compliance by those who may transmit COVID-19 and/or reduce the risk of hardship where there is a risk that employers will not continue to pay full wages.
36. There is also a case for LSS support for those who can't work due to geographic stay at home orders, however the cost-effectiveness of this LSS expenditure in improving public health outcomes or reducing hardship is less clear. As with the Wage Subsidy, we would expect businesses to be able to withstand a short lockdown without support to pay staff. Hardship support is likely to be more effectively targeted through the welfare system in this scenario.
37. Nonetheless, some level of LSS support for localised lockdowns is likely to contribute to social licence for continued use of this public health lever. The objective of the scheme under this approach would be to share some of the burden individuals and firms incur from compliance with public health rules. Support is justified on the basis that firms and households are facing a time-limited disruption beyond the regular levels of the CPF.
38. The eligibility criteria for the LSS are different from the WSS, so using the LSS in a localised lockdown will target a slightly different group of people (those directly locked down, rather than those economically impacted by the lockdown). While we expect there is significant overlap between these two groups, some are excluded from support if only the LSS or WSS is available.
39. With the new, flexible approach to localised lockdowns, operationalising appropriate income support that does not become de facto broad-based economic support is more difficult. We recommend the following principles be proposed for the LSS in the Minister of Finance's 22 November paper "Economic supports under the CPF":
 - a. Support workers and their employers when individuals are prevented from working because they have COVID and/or must comply with individual public health directions.
 - b. Provide limited support through the LSS in case of localised lockdowns to share the burden of compliance with workers and firms.
 - c. Retain Ministerial discretion over any return to broader economic supports, such as wage subsidies.
40. We propose the Cabinet paper seeks agreement to the above principles, and delegates decisions on more detailed design choices to the Minister of Finance, Minister for Social Development and Employment, and the Minister for Workplace Relations and Safety.
41. Officials will provide further advice in early December on how the LSS could be limited in a localised lockdown, what further economic support may be appropriate in a localised or regional lockdown, and options to provide this.

Update on LSS communications strategy

42. The Treasury recently recommended a communications push on the LSS and STAP to ensure that the public is aware of these, including specific communications plans to target Māori and Pacific people [T2021/2529 refers]. We advised that this should be progressed as a two-phase communications approach, starting with an initial 'light touch' push, and then a subsequent scheme 're-launch' once final decisions on the LSS and STAP are made [T2021/2568 refers]:
43. Given the uncertainty about the LSS and STAP, and the likelihood of substantive scheme changes (and the potential removal of the STAP) we now consider it more appropriate to hold off on any communications until decisions have been made (i.e. not proceed with the initial light touch comms push). This is to avoid any confusion around scheme changes that may be announced in the short-term. Treasury and MSD will collaborate on a proposed communications plan for the scheme re-launch and will report back to you as needed. At this stage, we anticipate the re-launch would take place in early 2022.

Next steps

44. You will meet with your colleagues at 7pm on Thursday 18 November to talk through the proposed approach to adapting LSS and STAP, and agency work programme priorities (see aide memoire "Individual COVID-19 support work programmes").
45. Following this meeting, the Treasury will reflect Ministerial views in the content and recommendations of the upcoming Cabinet paper "Economic supports under the new CPF", which Cabinet will consider on 22 November. We envisage Cabinet agreement will be necessary to:
 - a. Agree rounding rules for the LSS.
 - b. Agree in principle to retire the STAP after the new COVID-19 Testing Strategy is confirmed and consultation is undertaken with key stakeholders, delegating formal decisions to the Minister of Finance, Minister of Social Development and Employment, and the Minister for Workplace Relations and Safety.
 - c. Agree that the LSS will be available in localised lockdowns, the principles to guide application of the LSS in localised lockdowns, and delegation of detailed design decisions to the Ministers of Finance, Social Development and Employment and Workplace Relations and Safety.
 - d. Confirm comfort with the integrity approach.
46. Other operational changes which do not constitute significant policy decisions and do not require Cabinet agreement, such as changing the LSS to a weekly payment or changing the name, will be noted in the Cabinet paper.
47. In early December, officials will provide further advice on how the LSS could be limited in a localised lockdown, what further economic support may be appropriate, and options to provide this.
48. In March 2022, officials will report back reviewing the LSS and STAP, and whether further changes are required to make these supports fit for purpose in the new steady state under the CPF.

Annex 1: COVID-19 Leave Support Scheme (LSS) and Short-Term Absence Payment (STAP)

	Leave support scheme (LSS)	Short term absence payment scheme (STAP)
Purpose	Designed to incentivise compliance with self-isolation requirements by providing financial support to employees unable to work from home.	Designed to incentivise employees to get tested if they are symptomatic, and to comply with self-isolation requirements while they await test results.
Background	Established in March 2020, with key changes since then including removing the 30% revenue decline test, expanding the scheme from essential workers to all workers unable to work from home and increasing payment rates to align with the Wage Subsidy Scheme.	Established in February 2021, to address a gap identified in the LSS to provide support for people who are required to self-isolate while awaiting test results.
Eligibility	Employees who have been instructed to self-isolate as they have been exposed to COVID-19, have higher health risks or have tested positive. Open under all alert levels, and to all NZ businesses (including self-employed people).	Employees who are required to self-isolate while awaiting test results. Open under all alert levels, and to all NZ businesses (included self-employed people).
Payment	It is paid in a 2-week lump sum per eligible employee, at a flat rate of \$600 a week for full-time employees and \$359 a week for part-time employees.	It provides a one-off payment of \$359 for each eligible employee.
Uptake - 18 Aug to 15 Nov*	3,658 applications approved \$12,887,396.40 paid	9,385 applications approved \$6,965,535.00 paid
Funding	\$40m appropriated in 21/22 for both the LSS and STAP.	

*Note an application can cover multiple employees