



## Education Report: Re-establishment of the emergency payment scheme for casual staff in the State and State-integrated schooling sector workforce due to the COVID-19 resurgence

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| <b>To:</b>                                    | Hon Chris Hipkins, Minister of Education |                     |           |
| <b>Date:</b>                                  | 19 August 2020                           | <b>Priority:</b>    | High      |
| <b>Security Level:</b>                        | In confidence                            | <b>METIS No:</b>    | 1238627   |
| <b>Drafter:</b>                               | Mark Williamson                          | <b>DDI:</b>         | § 9(2)(a) |
| <b>Key Contact:</b>                           | Deborah Kent                             | <b>DDI:</b>         |           |
| <b>Messaging seen by Communications team:</b> | Yes                                      | <b>Round Robin:</b> | No        |

### Purpose of Report

1. This paper seeks your approval for the funding necessary to re-establish support for casual staff, who are paid by timesheet and work in State and State-integrated schools and kura, whose income has been severely affected by the current COVID-19 resurgence and Alert Levels escalation.

### Summary

2. On 7 April the COVID-19 Ministerial Group noted that an emergency ex-gratia payment ("the emergency payment scheme") would be paid by the Ministry of Education to current casual workers at State and State-integrated schools or kura during the Alert Level 4 lockdown when school sites were closed. Casual workers include day relief teachers and support staff in schools who are paid via timesheet, such as some teacher aides, cleaners, caretakers and other staff engaged as needed
3. The initial emergency payment arrangements supported approximately 13,000 workers over two fortnightly pay periods (4 weeks), during the Alert Level 4 lockdown. On 4 May, Cabinet agreed [CAB-20-MIN-0198] to the extension of the emergency payment scheme to continue throughout Alert Level 3, recognising the continued disruption to casual staff engaging in normal patterns of work, and the limited alternate support available for this workforce.
4. During Alert Level 2 the scheme was extended to provide support on application for casual employees who were ill with COVID-19, required to self-isolate, or were unable to work as they (or their household) were very vulnerable to COVID 19. A very small number of employees required support at Alert Level 2 with eleven applications received and one person eligible for support.

5. At 12:00pm on 12 August the Auckland region moved to Alert Level 3 of the COVID-19 alert level system; the rest of the country moved to Alert Level 2. At Level 3, all children and young people who can, should stay at home and access distance learning. Under Alert Level 3 the employment of casual workers is expected to be variable, with many schools and kura at Alert Level 3 not requiring casual staff as most of their student population will learn at home. The employment of casual workers is also inhibited by restrictions where, at Alert Level 3, staff cannot work across multiple school sites, reducing the income of some day relief and casual teacher aide staff, even where work is available.
6. As a portion of the casual schooling workforce will be unable to work, or face reduced ability to work due to the re-emergence of COVID-19, they may start to rely on other forms of Government support if further support is not made available by the Ministry of Education. We propose that, in order to avoid this, and in keeping with the Government's objectives, while remaining consistent with the new two-week wage subsidy which has been provided to support employees who are affected by the current resurgence of COVID-19:
  - 6.1. automated support payments will be re-established for day relief teachers and casual schooling workers in the Auckland region under the Alert Level 3 restrictions (from 12 to 26 August); and
  - 6.2. day relief teachers and casual schooling workers around the rest of country will be able to apply for support under Alert Level 2, if they directly affected by COVID-19 transmission.
7. During April and May 2020 up to 4,500 employees in the Auckland region were supported by the emergency payment scheme, at an approximate cost of up to \$3.1 million per fortnightly pay cycle. We expect the costs of the re-established scheme to be broadly similar.
8. During May and June, the Ministry of Education received 11 applications for support under Alert Level 2. We have estimated the cost to provide this support under Alert level 2 to be less than \$250,000 each fortnight.
9. These costs will be met through re-prioritisation of funding within Vote: Education. We will provide further advice regarding the emergency payment scheme should the Alert Level 3 restrictions be extended beyond 26 August, or if they are extended to other regions.

## Recommended Actions

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The Ministry of Education recommends you:

- A. **Note** that the Auckland region has moved back to Alert Level 3 and some of those paid using time-sheet and hired on an “as needed” basis in the affected area will be unable to return to work or otherwise have their pattern of work significantly restricted under Alert Level 3

**Noted**

- B. **agree** that the Ministry of Education re-establish the emergency payment scheme during Alert Level 3, for the two week period of 12 to 26 August, for schooling employees who:

- i. were paid using time-sheet and hired on an “as needed” basis in State or State-integrated schools or kura on at least one occasion during Term 2 (22 April 2020) and/or 3 (11 August 2020), 2020 **and**
- ii. have had their income reduced due to Public Health Guidelines operating at Alert Level 3

**Agree** Disagree

- C. **note** that the emergency payment referred to in recommendation B will be automatically paid fortnightly by the Ministry of Education directly to eligible casual schooling sector employees on 26 August

**Noted**

- D. **agree** that the Ministry of Education re-establish support for State or State-integrated schooling employees who were paid using time-sheet and hired on an “as needed” basis who are unable to work due to Public Health Guidelines operating at Alert Level 2, for up to eight weeks, when:

- i. they are sick with COVID-19, or are caring for a dependant who is sick with COVID-19, **or**
- ii. they are self-isolating, or are caring for a dependent who is self-isolating due to coming into close contact with someone who has COVID-19, **or**
- iii. they, or a member of their household are deemed higher-risk to COVID-19, in accordance with public health guidelines

**Agree** Disagree

- E. **note** that Alert Level 2 payments will be made retrospectively on application to the Ministry of Education if received

**Noted**

- F. **note** that given the uncertainty around COVID-19, it is difficult to predict how long some form of support may be required, and that, if restrictions within the Auckland region continue beyond 26 August, or are extended to further regions, we will provide further advice regarding the support that could be provided to casual workers and how this may be funded

**Noted**

- G. **note** that the estimated cost to provide emergency payments for casual schooling employees for the current two week period of the Alert Level 3 lockdown is estimated to be \$3.1 million, while for support provided on application under Alert Level 2 for up to eight weeks is expected to cost less than \$1 million

**Noted**

- H. **note** that the initial costs outlined in recommendation G will be funded from Vote: Education as follows:

|   | \$m - increase/(decrease) |                |                |                |                                  |
|---|---------------------------|----------------|----------------|----------------|----------------------------------|
| <b>Vote Education<br/>Minister of Education</b>             | <b>2020/21</b>            | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25&amp;<br/>Outyears</b> |
| <b>Multi-Category Expenses<br/>and Capital Expenditure:</b> |                           |                |                |                |                                  |
| Primary and Secondary<br>Education MCA                      |                           |                |                |                |                                  |
| <b>Non-Departmental Output<br/>Expenses</b>                 |                           |                |                |                |                                  |
| Primary Education   | 2.320                     | -              | -              | -              | -                                |
| Secondary Education   | 1.550                     | -              | -              | -              | -                                |
| Outcomes for Target<br>Student Groups MCA                   |                           |                |                |                |                                  |
| <b>Non-Departmental Output<br/>Expenses:</b>                |                           |                |                |                |                                  |
| Learning Support  | 0.230                     | -              | -              | -              | -                                |
| <b>Total Operating</b>                                      | <b>4.100</b>              |                | -              | -              | -                                |

**Agree** Disagree

- I. **agree** that this Report be released as part of the Government's proactive release of information relating to the COVID-19 response.

**Agree** Disagree

Ellen MacGregor-Reid  
Deputy Secretary  
Early Learning and Student Achievement

19/08/2020



Hon Chris Hipkins  
Minister of Education

21/ 8 / 2020

## Background

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1. The Government has made clear its intention to support continued employment in the State sector throughout the COVID-19 pandemic. Over the initial period of the pandemic response, the Ministry of Education put in place measures to ensure income continuity for workers in the State and State-integrated schooling sector, including the establishment of an emergency payment scheme for the casual schooling workers (those paid using time-sheet and hired on an “as needed” basis such as day relief teachers and a range of non-teaching staff).
2. These workers are employed only as needed by schools to meet their operational requirements, for example to provide short-term cover of a permanent teacher’s sick leave or professional development. Many casual workers have advised the Ministry that they rely wholly or in part on this casual work.
3. The initial emergency payment arrangements supported approximately 13,000 workers and over two fortnightly pay periods (4 weeks), during the Alert Level 4 lockdown. On 4 May, Cabinet agreed [CAB-20-MIN-0198] to the extension of the emergency payment scheme to continue throughout Alert Level 3, recognising the continued disruption to casual staff engaging in normal patterns of work, and the limited alternate support available for this workforce. During Alert Level 2, the scheme was extended to provide support on application to casual employees who were ill with COVID-19, required to self-isolate, or were unable to work as they (or their household) were very vulnerable to COVID-19. A very small number of employees required support at Alert Level 2.
4. At 12:00pm on 12 August the Auckland region moved to Alert Level 3 of the COVID-19 alert level system; the rest of the country moved to Alert Level 2. At Level 3, the large majority of children and young people who can, should stay at home and access distance learning, with exceptions for students in year 12 and 13. Under Alert Level 3 the employment of casual workers is expected to be variable, with many schools and kura at Alert Level 3 not requiring casual staff as most of their student population will learn at home.
5. In addition, casual workers may not be able to make themselves available for work during a period of self-isolation where they, or members of their household, are sick with COVID-19, have had close contact with someone infected by COVID-19, or are vulnerable to COVID-19.
6. A partial or complete loss of income during the Alert Level 3 lockdown can be a significant disincentive to comply with the Ministry of Health’s public health guidance for some workers. Offsetting this risk was a key policy rationale underpinning the original emergency payment provided, and similar Government initiatives such as the COVID-19 Wage Subsidy and COVID-19 Leave Scheme. On 17 August, the Minister of Finance announced a two week COVID-19 Resurgence Wage Subsidy that will be made available for people who are financially impacted by the resurgence of COVID-19. Employees of State and State-Integrated schools and kura are not entitled to support from this, or previous, wage subsidy schemes.

## During Alert Level 3 or higher

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7. At Alert Level 3 or higher, public health advice regarding schooling operations prohibits the movement of personnel across multiple school sites. Alert Level 3 on a regional basis also prohibits inter-regional travel to and from the affected region/s. These restrictions will significantly limit the ability of relief teachers and non-teaching staff to gain employment as they normally would work across different schools and kura.
8. Similarly where schools are able to accommodate low numbers of returning students from within their permanent or fixed-term staffing, the demand for casual staff is likely to be low.
9. Approximately 510 schools and kura in the Auckland region have been directly affected by the Alert Level 3 restrictions. We estimate that up to 4,500 casual employees working at these schools were supported by the scheme during April and May 2020, and can reasonably be expected to require support under the current restrictions.
10. We propose that the emergency payment scheme is re-established for all State and State-integrated schools' casual staff whose ability to seek work is impacted by COVID-19 and associated Public Health guidelines, and who are not able to access other supports put in place by the Government as part of its response.
11. During the current Alert Level 3 restrictions (from 12 to 26 August), payments will be paid automatically by Education Payroll Limited using similar criteria as applied in the lockdowns in April and May. Payments will be made to all casual workers within the Alert Level 3 zone who:
  - 11.1. are a current State or State-integrated education sector worker, which is defined as workers who have worked for a State or State-integrated school or kura on at least one occasion during Term 2 or Term 3 (22 April 2020 up to 11 August 2020) **and**
  - 11.2. have worked variable day relief or casual hours during Term 2 and/or Term 3 of 2020.
12. The payment will be calculated at each eligible worker's average variable day relief or casual hours undertaken to date in Terms 2 and 3 (22 April to 11 August 2020). The amount of the payment will be offset by any casual work which is paid to a worker by a school. For example, if the casual worker is able to work at home during Alert Level 3 the emergency payment they will receive will be offset by payment for this work. Payments will be taxable, attract superannuation subsidies, and be subject to other payroll deductions.
13. The payment will be centrally funded and as such, schools will not be charged.
14. Education Payroll Limited will identify and pay casual staff who work at schools within an Alert Level 3 zone. Schools outside of the zone/s will be asked to identify staff who they employ on a regular basis, who are unable to get to work due to travel restrictions or road closures.
15. If an individual has not worked in a State or State-integrated school or kura during Terms 2 or 3, they will be deemed not to be a current schooling sector employee and will be directed to other Government support systems, such as the income support provided by the Ministry of Social Development.

## Emergency payment scheme under Alert Level 2

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16. The Government has signalled its intention that people who are sick with, or required to self-isolate to control the transmission of COVID-19 should not be required to work and risk transmission of the virus. Similarly, people who are particularly high-risk of becoming seriously unwell due to COVID-19 should not be required to work where their health may be at serious risk.
17. At Alert Level 2, it is proposed that support will be available to casual schooling workers to be accessed on direct application to the Ministry of Education, where an individual declares that they meet certain criteria including:
  - 17.1. They are a current education sector worker, which is defined as workers who have worked on at least one occasion during Term 2 or Term 3, for a State and State integrated school or kura; and
  - 17.2. They have been negatively affected by COVID-19 as follows:
    - 17.2.1. They are sick with COVID-19, or are caring for a dependant who is sick with COVID-19
    - 17.2.2. They are self-isolating, or are caring for a dependent who is self-isolating due to coming into close contact with someone who has COVID-19
    - 17.2.3. They, or a member of their household, are at high-risk to COVID-19 and they are therefore unable to safely enter the workplace, as defined by public health advice.
18. At Alert Level 2, workers who meet the criteria will need to declare at the point of application that they are not concurrently receiving other government support to mitigate the effects of COVID-19, e.g. other wage subsidy schemes.
19. The amount of support provided will be based on the variable day relief or casual hours worked to date during Term 2 or Term 3.
20. It is not yet certain how long Alert Level 2 restrictions will be in place. We propose that the scheme is open for up to eight weeks from 12 August to 7 October, or when the nation moves to Alert Level 1, whichever is the earlier.

## Minimising the risk of overfunding and overpayments

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21. The proposed support for casual workers will not reduce the cost to schools for engaging casual staff. As support payments will be made directly by the Ministry of Education to eligible casual workers, operational funding for schools will not be affected. Schools will not have visibility of the amount of these payments or be able to ask staff to work in exchange for these payments. Schools that have an operational need for casual staffing will be required to engage and pay staff as usual.
22. Under Alert Level 3 casual workers will receive a top up emergency payment based on the average amount of casual work that they took on in Terms 2 and 3, 2020. The amount of the payment will be abated by the amount of casual work that the worker undertakes for schools during this period. In effect, the amount of the emergency payment each casual worker receives will be reduced by the amount of casual work that they are employed for, avoiding the risk of double payment for this work.

23. Under Alert Level 2, casual staff who are eligible will need to apply for support. When doing so they will be asked to make a declaration that they meet the applicable eligibility criteria, including that they are not able to make themselves available to work due to COVID-19 risk. If a large number of applications are made this will be audited retrospectively and the Ministry of Education will establish a temporary function to undertake random checks of eligibility. The Ministry will look to recover any overpayment which has occurred where the declaration made by the casual worker proves to be inaccurate.

## Financial Implications

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24. During April and May 2020 up to 4,500 employees in the Auckland region were supported by the scheme, at an approximate cost of up to \$3.1 million per fortnightly pay cycle. We expect the costs of the re-established scheme to be broadly similar.
25. During May and June, the Ministry of Education received 11 applications for support under Alert Level 2. We have estimated the cost to provide this support under Alert level 2 to be less than \$250,000 each fortnight.
26. Around 13,000 casual workers received the emergency payment each fortnight during April and May 2020. The emergency payment scheme cost approximately \$19.000 million per month. Costs are expected to be similar should Alert Level 3 or higher restrictions be extended across the country. Costs for the current period of restrictions will be met through re-prioritisation of funding within Vote: Education. We will provide further advice regarding the emergency payment scheme should the Alert Level 3 restrictions be extended beyond 26 August, or if they are extended to other regions.

## Consultation

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27. We have consulted with the Treasury and the Public Service Commission on this proposal. The Public Service Commission has provided the following comment:

*It is likely that contingent workers will be impacted variably as Auckland schools operate under Level 3 and providing support for contingent workers is a practical way to address the nature of day-relief employees. We note that the proposed approach for contingent workers in Auckland follows the approach taken during earlier Level 4 and 3 lockdown. We also note that this aligns to the approach we anticipate elsewhere in the public service, where agencies are advised to honour commitments made to casual employees who cannot work due to workplace restrictions at Alert Level 3. The proposals in the paper are consistent with current Public Service Commission advice.*

## Risks

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28. While these measures will significantly reassure many vulnerable schooling workers in the affected region/s, they will not fully mitigate the impact of COVID-19 for these employees and the amount of support provided will vary for each individual. This could create a perception of inequity between those who receive different support depending on their circumstances, or people who receive other COVID-19 assistance payments from Government.
29. Some contingent workers may be also be eligible for other Government assistance depending on their circumstances. For example, they may work at a non-schooling sector part-time job as well as undertaking relief teaching work.

30. The proposed leave scheme provides direct income support to casual State and State-Integrated schooling sector employees. This may be considered more beneficial than the support that has been provided to casual employees in other sectors where different funding and employment settings apply, e.g. for Early Learning employees.

## Next Steps

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31. Detailed communications of the emergency payment scheme proposed in this paper under Alert Level 2 and Alert Level 3 and how this can be accessed by eligible schooling workers will be made available via online channels and the school bulletin.
32. These communications will help provide confidence to contingent workers, their families and whānau, and the schooling sector in Alert Level 3 zones about the supports being put in place to minimise disruption to learning progress and look after the wellbeing of those directly involved in delivering teaching and learning.

## Proactive Release

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33. We recommend that this paper is proactively released following the opening of applications for support under Alert Level 2 and Alert Level 3.