



Coversheet

COVID-19 Wage Subsidy Minor Implementation and Integrity Changes to the Wage Subsidy Scheme (Extension)

Hon Carmel Sepuloni, Minister for Social Development

These documents have been proactively released.

28 May 2020, Report - COVID-19 Wage subsidy clarifications, Ministry of Social Development

30 July 2020, Cabinet Paper: COVID-19 Wage Subsidy – Minor Implementation and Integrity Changes to the Wage Subsidy Scheme (Extension)

5 August 2020, Cabinet Social Wellbeing Committee minute - SWC-20-MIN-0124 - Cabinet Office.

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- s 9(2)(k): prevent the disclosure or use of official information for improper gain or improper advantage
- s 9(2)(a): to protect the privacy of natural persons

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Search Tags: wage subsidy, wage subsidy extension, self-employed

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Chair, Cabinet Social Wellbeing Committee

COVID-19 Wage Subsidy – Minor Implementation and Integrity Changes to the Wage Subsidy Scheme (Extension)

Purpose

- 1 This paper reports on minor implementation changes made to the Wage Subsidy Extension (WSX) following approval by the Minister of Finance, the Minister for Economic Development, the Minister for Social Development and the Minister for Workplace Relations and Safety (Ministers). It also reports on administrative improvements made to the integrity of the scheme.

Relation to government priorities

- 2 The COVID-19 Wage Subsidy Scheme (WSS) and the WSX help mitigate the negative effects on the economy caused by COVID-19 by helping to keep employees attached to their employers. In addition, the provision of WSS and WSX enabled a rapid economic restart once Alert Levels were lowered, and supported compliance with severe public health restrictions.

Background

- 3 On 11 May, Cabinet agreed to introduce a targeted extension to the WSS on 10 June [CAB-19-MIN-0210.01]. Cabinet noted that the Ministry of Social Development (MSD) is working to improve the integrity of the WSX and invited Ministers to report back to Cabinet with any proposed changes to the administration of the scheme.
- 4 Cabinet also authorised the above-mentioned Ministers to make technical and minor implementation changes to the scheme and noted that these Ministers will report back to Cabinet on any changes made.

Minor implementation changes made

- 5 In May, Ministers considered and approved a number of minor implementation and administrative changes to the WSX, relating to the following areas:
 - 5.1 self-employed workers would need to repay the subsidy if the subsidy rate is more than usual earnings (in line with the repayment obligations for other businesses under the WSS)
 - 5.2 employers who have given employees notice of redundancy before they apply for the WSX are not eligible to receive the subsidy for those employees unless the redundancy notice is withdrawn

- 5.3 an amendment to the revenue test so that businesses must have a revenue loss of at least 50%¹ for a 30-day period in the 40 days immediately prior to the application date
- 6 These changes have been implemented before 10 June (when WSX commenced) and have been communicated to applicants through several communication channels such as the Work & Income and the Employment New Zealand websites, emails, as well as through the media.

Report back on scheme integrity

- 7 In May, Ministers received a report from MSD on administrative changes that had been made, or were going to be made, to improve the integrity of the WSS (and WSX). Enhancements made to the WSS and WSX have included:
 - 7.1 Enhanced audit and assurance processes including pre-payment verification of business details, post-payment audits and investigations, and communications to ensure businesses are aware of their Wage Subsidy obligations

7.2 s 9(2)(k) 

¹ Please note that the 50% revenue loss criterion was subsequently changed to 40% by Cabinet.

Financial Implications

8 There are no financial implications.

Legislative Implications

9 There are no legislative implications arising from this paper.

Impact Analysis

10 A Regulatory Impact Statement has not been prepared because this Cabinet paper does not propose changes to legislation.

Consultation

11 The Ministry of Business, Innovation and Employment, the Treasury and the Inland Revenue Department have been involved in the development of the reports that this Cabinet paper refers to. They have also been consulted on this Cabinet paper.

Communications

12 The changes to the WSS and WSX highlighted in this paper have already been communicated to relevant parties.

Proactive Release


13 We intend to proactively release this paper and the attached briefings within 30 business days of decisions being confirmed by Cabinet.

Recommendations

The Minister of Finance, the Minister for Economic Development, the Minister for Social Development and the Minister for Workplace Relations and Safety recommend that the Committee:

- 1 note that on 11 May, Cabinet authorised the Minister of Finance, the Minister for Economic Development, the Minister for Social Development and the Minister for Workplace Relations and Safety to make technical and minor implementation changes to the Wage Subsidy Extension (WSX) and noted that these Ministers will report back to Cabinet on any changes made [CAB-19-MIN-0210.01 refers]
- 2 note that, Cabinet also invited these Ministers to report back with any proposed changes to improve the integrity of the scheme
- 3 note that Ministers considered and approved a number of technical and minor implementation changes to the WSX including
 - 3.1 self-employed workers would need to repay the subsidy if the subsidy rate is more than usual earnings (in line with the repayment obligations for other businesses under the Wage Subsidy Scheme)
 - 3.2 employers who have given employees notice of redundancy before they apply for the WSX are not eligible to receive the subsidy for those employees unless the redundancy notice is withdrawn

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- 3.3 an amendment to the revenue test so that businesses must have a revenue loss of at least 50% for a 30-day period in the 40 days immediately prior to the application date
- 4 note that MSD has informed Ministers on the following administrative changes that had been made, or were going to be made, to improve the integrity of the Wage Subsidy Scheme (and WSX):
 - 4.1 New audit and assurance processes including pre-payment verification of business details, post-payment audits and investigations, and communications to ensure businesses are aware of their Wage Subsidy obligations
 - 4.2 s 9(2)(k) 

Authorised for lodgement

Hon Grant Robertson

Minister of Finance

Hon Phil Twyford

Minister for Economic Development

Hon Carmel Sepuloni

Minister for Social Development

Hon Andrew Little

Minister for Workplace Relations and Safety



Cabinet Social Wellbeing Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

COVID-19 Wage Subsidy Minor Implementation and Integrity Changes to the Wage Subsidy Scheme (Extension)

Portfolios **Finance / Economic Development / Workplace Relations and Safety / Social Development**

On 5 August 2020, the Cabinet Social Wellbeing Committee:

- 1 **noted** that on 11 May 2020, Cabinet authorised the Minister of Finance, the Minister for Economic Development, the Minister for Social Development and the Minister for Workplace Relations and Safety to make technical and minor implementation changes to the Wage Subsidy Extension (WSX) and noted that these Ministers will report-back to Cabinet on any changes made [CAB-20-MIN-0219.01];
- 2 **noted** that Cabinet also invited these Ministers to report-back with any proposed changes to improve the integrity of the scheme;
- 3 **noted** that Ministers considered and approved a number of technical and minor implementation changes to the WSX including:
 - 3.1 self-employed workers would need to repay the subsidy if the subsidy rate is more than usual earnings (in line with the repayment obligations for other businesses under the Wage Subsidy Scheme);
 - 3.2 employers who have given employees notice of redundancy before they apply for the WSX are not eligible to receive the subsidy for those employees unless the redundancy notice is withdrawn;
 - 3.3 an amendment to the revenue test so that businesses must have a revenue loss of at least 50 percent for a 30-day period in the 40 days immediately prior to the application date;
- 4 **noted** that the Ministry of Social Development (MSD) has informed Ministers on the following administrative changes that had been made, or were going to be made, to improve the integrity of the Wage Subsidy Scheme (and WSX):
 - 4.1 new audit and assurance processes including pre-payment verification of business details, post-payment audits and investigations, and communications to ensure businesses are aware of their Wage Subsidy obligations;

4.2

s 9(2)(k)



Vivien Meek
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson
Hon Chris Hipkins
Hon Carmel Sepuloni (Chair)
Hon Stuart Nash
Hon Jenny Salesa
Hon Damien O'Connor
Hon Tracey Martin
Hon Peeni Henare
Hon Willie Jackson
Hon Aupito William Sio
Hon Poto Williams

Officials present from:

Office of the Prime Minister
Officials Committee for SWC