

The Treasury

Advice on COVID-19 Response Information Release

December 2021

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Cabinet Document Details

Title: **Cabinet Minute: CAB-21-MIN-0328: Further Funding for Activating the COVID-19 Wage Subsidy and Resurgence Support Payment August 2021 Schemes**

Date: **20 August 2021**

Creator: Cabinet Office

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Cabinet

Minute of Decision

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Further Funding for Activating the COVID-19 Wage Subsidy and Resurgence Support Payment August 2021 Schemes

Portfolio **Finance**

On 20 August 2021, Cabinet:

Background

- 1 **noted** that on 18 August 2021, the group of COVID-19 Ministers with Power to Act (the Prime Minister, Deputy Prime Minister, Minister for COVID-19 Response and Associate Minister of Health) agreed to:
 - 1.1 activate the COVID-19 Wage Subsidy Scheme (WSSAUG21) and the Resurgence Support Payment Scheme (RSPAUG21);
 - 1.2 seek Cabinet approval for the financial implications resulting from activation of the two Schemes, including drawing down additional funding from the COVID-19 Response and Recovery Fund established as part of Budget 2020 (the CRRF) as required;

[CVD-21-MIN-0004]
- 2 **noted** that the paragraphs outlined below:
 - 2.1 agree to draw down \$1.107 billion for the RSPAUG21 and WSSAUG21 from the CRRF;
 - 2.2 delegate authority to joint Ministers to draw down up to a maximum of \$2.2 billion from the CRRF to cover possible future payments under the WSSAUG21;
- 3 **noted** that the WSSAUG21 scheme is estimated to cost up to \$2.1 billion (in the case of two weeks at Alert Level 4 with strong demand for the payment), funded as follows:
 - 3.1 \$500 million currently in the Business Support Subsidy COVID-19 appropriation for the 2021/22 year;
 - 3.2 \$500 million from an expense transfer from 2020/21 to 2021/22 due to underspends;
 - 3.3 [33]
 - 3.4 \$700 million of new funding from the CRRF;

- 4 **noted** that the RSPAUG21 scheme is estimated to cost up to \$600 million (in the case of two weeks at Alert Level 4 with strong demand for the payment), funded as follows:
- 4.1 \$193 million currently in the COVID-19 Resurgence Support Payment appropriation for the 2021/22 year;
- 4.2 \$407 million of new funding from the CRRF;

WSSAUG21/LSS: Confirmation of the in-principle expense transfers from 2020/21 to 2021/22

- 5 **noted** that Cabinet has previously agreed in principle that any underspends in the Business Support Subsidy COVID-19 and COVID-19 Leave Support Scheme appropriations as at 30 June 2021 be transferred to the 2021/22 financial year to ensure that funding is available for that purpose [CAB-21-MIN-0096.19];
- 6 **noted** that the final expenditure for 2020/21 has not yet been fully audited but that early confirmation of almost all the unaudited underspends is required to avoid the risk of unappropriated expenditure;
- 7 **agreed** to expense transfers of:
- 7.1 \$500 million for the Business Support Subsidy COVID-19 appropriation from 2020/21 to 2021/22; and
- 7.2 \$40 million for the COVID-19 Leave Support appropriation from 2020/21 to 2021/22;
- 8 **approved** the following changes to appropriations to provide for the decision in paragraph 7 above, with no impact on the operating balance and/or net core Crown debt across the forecast period:

	\$m – increase/(decrease)				
Vote Social Development Minister for Social Development and Employment	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Other Expenses:					
Business Support Subsidy Covid-19	500.000	-	-	-	-
Covid-19 Leave Support Scheme	40.000				
Total Operating	540.000	-	-	-	-

- 9 **agreed** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

[33]

10 [33]

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12

13 **approved** the following changes to appropriations to provide for the decision in paragraph 12 above, with no impact on the operating balance and/or net core Crown debt:

Vote Social Development Minister for Social Development and Employment	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Other Expenses:					
Business Support Subsidy Covid-19	400.000	-	-	-	-
Total Operating	400.000	-	-	-	-

14 **agreed** that the changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

15 **agreed** that any audit changes that reduce the amount of the revenue recognised from the Business Support Subsidy Scheme for 2020/21 to fund the increase in appropriation is charged against the CRRF, and that the Minister of Finance and the Minister for Social Development and Employment will confirm the final amount charged;

WSSAUG21: Increased funding for COVID-19 Wage Subsidy August 2021 scheme

16 **noted** that Wage Subsidy costs are highly uncertain and depend on the specific public health scenario that eventuates, as well as business uptake decisions;

17 **noted** that subject to the decisions taken above, there will be \$1.4 billion in the Business Support Subsidy COVID-19 appropriation;

18 **agreed** to provide an additional \$700 million from the CRRF to meet the remaining estimated cost of the WSSAUG21 (assuming two weeks at Alert Level 4 with strong demand), bringing the balance in the appropriation to approximately \$2.1 billion;

- 19 **approved** the following changes to appropriations to provide for the decision in paragraph 18 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
Vote Social Development Minister for Social Development and Employment	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Other Expenses:					
Business Support Subsidy COVID-19	700.000	-	-	-	-
Total Operating	700.000	-	-	-	-

- 20 **agreed** that the expenses incurred above be charged against the COVID-19 Response and Recovery Fund (CRRF) established as part of Budget 2020;
- 21 **agreed** that the change to the appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

RSPAUG21: Increased funding for Resurgence Support Payment August 2021 scheme

- 22 **noted** that a total of \$400 million was appropriated to meet the cost of RSPFEB21, RSPMAR21, and RSPJUL21 [CAB-21-MIN-0030, CAB-21-MIN-0042, and CAB-21-MIN-0247], and that \$192.9 million remains in the COVID-19 Resurgence Support Payment appropriation;
- 23 **agreed** that the cost of the RSPAUG21 be met from within the COVID-19 Resurgence Support Payment appropriation, and that costs incurred in excess of the funds remaining in the appropriation be met with \$407 million of additional funding, subject to Cabinet approval, bringing the balance in the appropriation to approximately \$600 million;
- 24 **approved** the following changes to appropriations to provide for the decision in paragraph 23 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
Vote Revenue Minister of Revenue	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Other Expenses:					
COVID-19 Resurgence Support Payment	407.000	-	-	-	-
Total Operating	407.000	-	-	-	-

- 25 **agreed** that the expenses incurred above be charged against the CRRF;
- 26 **agreed** that changes to the appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

Possible future payments under the WSSAUG21

- 27 **noted** that if Alert Level 3 or above is extended to last three weeks (21 days from the escalation at 11:59 on 17 August 2021) or more, meaning it remains in place at 11:59pm on 6 September 2021, the WSSAUG21 will be extended to provide a further payment [CVD-21-MIN-0004];
- 28 **noted** that Cabinet has previously authorised the Minister of Finance and the Minister for Social Development and Employment to jointly make operational changes and decisions on policy settings for the Wage Subsidy, but that this delegation does not cover substantial funding decisions [CAB-20-MIN-0531];
- 29 **authorised** the Minister of Finance and the Minister for Social Development and Employment to agree appropriation changes for the Business Support Subsidy COVID-19 appropriation to cover future payments under the WSSAUG21, up to a maximum of \$2.2 billion, to be charged against the CRRF;

[33]

30 [33]

30.1 [33]

30.2

30.3

Michael Webster
Secretary of the Cabinet