

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.



Joint Report: Wage Subsidy August 2021 scheme: Six-week review

Date:	22 September 2021	Report No:	T2021/2393 REP/21/9/1029
		File Number:	SH-3-5

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	Sign the attached Cabinet paper.	23 September 2021
Minister for Social Development and Employment (Hon Carmel Sepuloni)		

Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Danijela Tavich	Analyst, Welfare & Oranga Tamariki, Treasury	[39]	[35]
Keiran Kennedy	Manager, Welfare & Oranga Tamariki, Treasury		✓
Megan Beecroft	Policy Manager, Employment Policy, Ministry of Social Development		

Actions for the Minister's Office Staff (if required)

<p>Return the signed report to Treasury and the Ministry of Social Development. Lodge the Cabinet paper with Cabinet office for Cabinet at 1:00pm 27 September.</p>

Note any feedback on the quality of the report

Enclosure: No

Joint Report: Wage Subsidy August 2021 scheme: Six-week review

The Wage Subsidy August 2021 scheme (WSSAUG21) has been activated from 20 August 2021, in response to an escalation to COVID-19 Alert Level 4 that began on 17 August 2021. Ministers with Power to Act invited the Minister of Finance and the Minister for Social Development and Employment to report back to Cabinet on the ongoing availability and settings of the scheme every six weeks should it remain open at that point [CVD-21-MIN-0004].

A third Wage Subsidy August 2021 payment (WSSAUG21-3) opened on 17 September 2021 and will close at 11:59pm on 30 September 2021. The closure of WSSAUG21-3 will also mark six weeks of Wage Subsidy August 2021 scheme operation.

On 20 September 2021, Cabinet agreed that Auckland will remain in Alert Level 3 until at least 5 October 2021 [CAB-21-MIN-0379 refers]. This means a fourth Wage Subsidy payment would be triggered, subject to Cabinet agreement of ongoing scheme availability, and would need to open at 9:00am on 1 October 2021 if we are to ensure seamless Wage Subsidy coverage of the continued Alert Level escalation.

Continuing the Wage Subsidy scheme for another six weeks

We consider the overall objectives of supporting the public health response and reducing the social and economic disruption of outbreaks, as well as the tools supporting these objectives, including the Wage Subsidy scheme, remain appropriate for the next six weeks and should be continued should Alert Level 3 or 4 remain in place anywhere in the country. Similarly, we do not consider that there are strong macroeconomic or fiscal reasons for reducing the current level of fiscal support, given the benefits of maintaining certainty for businesses and individuals and minimising hardship [T2021/2338 refers].

The attached draft Cabinet paper fulfils the six-week report back as requested by Cabinet, and seeks Cabinet authorisation to the ongoing availability of the current scheme, subject to Alert Level 3 or 4 remaining in place. The paper:

- **Provides a summary of key data** on uptake to-date.
- **Confirms the scheme will remain available for a further six weeks** while Alert Level 3 or 4 remains in place, with the same settings as agreed for the WSSAUG21 by Ministers with Power to Act on 18 August 2021 [CVD-21-MIN-0004 refers].
- **Seeks funding from the CRRF** for the next three scheme payments should the relevant triggers be met.
- **Seeks administrative funding for the Ministry of Social Development (MSD).**
- **Clarifies the timing of payments going forward.**
- **Clarifies the attribution test** so that businesses in a region that changes Alert Levels can attribute their 40% revenue decline to a combination of Alert Level 4, 3, and 2 effects if appropriate (but not Alert Level 2 effects alone).
- **Re-confirms Joint Minister delegations** for funding and minor/technical matters for the next six weeks.
- **Establishes another report back** on the ongoing availability and settings of the scheme in another six weeks should it remain open at that point.

Next steps

Should you agree to sign the attached Cabinet paper, we recommend it should be lodged for consideration at Cabinet on 27 September 2021. This timeline will ensure appropriate Cabinet authorisations are in place for a fourth payment to open on Friday 1 October 2021.

Note the advice in the draft Cabinet paper does not take into account any potential changes to the Alert Level framework, and would need to be revised accordingly.

Recommended Action

We recommend that you:

- a **note** Ministers with Power to Act invited the Minister of Finance and the Minister for Social Development and Employment to report back to Cabinet on the ongoing availability and settings of the Wage Subsidy August 2021 (WSSAUG21) every six weeks should it remain open at that point [CVD-21-MIN-0004]
- b **note** a third WSSAUG21 payment (WSSAUG21-3) opened on 17 September 2021 and will close at 11:59pm on 30 September 2021, which will also mark six weeks of Wage Subsidy August 2021 scheme operation
- c **note** that a fourth WSSAUG21 payment (WSSAUG21-4) has been triggered by Cabinet's decision that Auckland will remain in Alert Level 3 until at least 11:59pm on 5 October [CAB-21-MIN-0379] (*subject to Cabinet's agreement that the scheme remains available*)
- d **note** that WSSAUG21-4 would need to open at 9:00am on 1 October 2021 if we are to ensure seamless Wage Subsidy coverage of the continued Alert Level 3 escalation
- e **agree** to seek Cabinet approval to keep the WSSAUG21 scheme available for another six weeks (three payments), while Alert Level 3 or higher continues to remain in place anywhere in the country

Agree/disagree

Hon Grant Robertson

Agree/disagree

Hon Carmel Sepuloni

- f **agree** to maintain the status quo settings for the WSSAUG21 scheme, as agreed on 18 August 2021 by Ministers with Power to Act [CVD-21-MIN-0004 refers], with relevant changes only to the revenue test period, as required

Agree/disagree

Hon Grant Robertson

Agree/disagree

Hon Carmel Sepuloni

- g **agree** that for the purposes of meeting the revenue test under future WSSAUG21 payments, if a region moves from Alert Level 3 or 4 to Alert Level 2, or from Alert Level 2 to Alert Level 3 or 4 during a revenue test period, businesses in that region will be able to apply if they have had at least a 40% decline in revenue due to a combination of the effects of Alert Levels 4, 3, and 2 on their business (but not the effect of Alert Level 2 alone)

Agree/disagree

Hon Grant Robertson

Agree/disagree

Hon Carmel Sepuloni

- h **agree** the attached Cabinet paper should be lodged for consideration by Cabinet on 27 September 2021

Agree/disagree

Hon Grant Robertson

Agree/disagree

Hon Carmel Sepuloni

- i **note** we will update the key insights in the attached Cabinet paper based on the latest data before lodging – the numbers that would need updating have been left in red text.
- j **note** the advice in the draft Cabinet paper does not take into account any potential changes to the Alert Level framework, and would need to be revised accordingly.

Keiran Kennedy
Manager, Welfare & Oranga Tamariki, The Treasury

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

Hon Grant Robertson
Minister of Finance

Hon Carmel Sepuloni
Minister for Social Development and Employment