

# Aide-mémoire



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

## Meeting

**Date:** 5 March 2021 **Security Level:** IN CONFIDENCE

**For:** Hon Carmel Sepuloni, Minister for Social Development and  
Employment

**File Reference:** REP/21/3/207

## **Cabinet discussion on change in Alert Levels: implications for the COVID-19 Wage Subsidy March 2021**

<b>Meeting/visit details</b>	2:00pm, 5 March 2021, Cabinet
<b>Expected attendees</b>	Cabinet Ministers
<b>Purpose of meeting/visit</b>	Cabinet are meeting to either continue or adjust the existing public health alert level settings in response to any possible new cases of COVID-19 in Auckland.
<b>Background</b>	<p>On 14 December 2020, Cabinet agreed future Wage Subsidy schemes would be activated where there is an escalation to Alert Level 3 or higher lasting seven or more consecutive days (of which the seventh day may be a partial day), and subject to approval by Cabinet at the time [CAB-20-MIN-0531 refers].</p> <p>On 1 March 2021, Cabinet agreed to activate the COVID-19 Wage Subsidy March 2021 Scheme (WSSMAR21). WSSMAR21 is available nationwide and retains the core settings and payment rates from previous schemes but requires that applicants be affected by the current escalation in alert levels ('specifically affected test'), rather than by COVID-19 in general. The scheme provides two-weekly payments to match the time spent at Alert Level 3 or above rounded to the nearest 14 days.</p> <p>On 2 March 2021, you and the Minister of Finance agreed [REP/21/2/125 refers] that:</p> <ul style="list-style-type: none"><li>• applications to the WSSMAR21 scheme would be open from 1pm on Thursday 4 March with payments</li></ul>

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commencing from Monday 8 March covering the first 14-day period of 8 to 21 March

- that applicants to the WSSMAR21 scheme would be able to nominate a revenue decline test period of 14 consecutive days during the period 28 February to 21 March

that a second two-week payment will be made available under the WSSMAR21 if any part of the country remains at Alert Level 3 or 4 at 6.00am on 21 March.

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## **Key issues**

### **Cabinet paper discusses alert level settings**

We understand Cabinet are meeting to consider a Cabinet paper which discusses the existing public health alert level settings in response to any possible new cases of COVID-19 in Auckland.

MSD has not seen the full Cabinet paper but has been consulted on the recommendations relating to the impact of the Wage Subsidy.

The Cabinet paper recommends the following:

- Note that Cabinet has agreed that both the Wage Subsidy Scheme and Resurgence Support Payment can be activated in the event of an alert level escalation to Level 3 or above (Wage Subsidy) or Level 2 or above (RSP) lasting seven or more consecutive days, of which the seventh day may be a partial day [CAB-20-MIN-0531 refers]
- Note that Cabinet agreed to activate these schemes on the basis of the decisions to move to Alert Level 3 in Auckland at 6.00am on 28 February for 7 days [CAB-21-MIN-0043 and CAB-21-MIN-0042 refer]
- Note that the basis for the decisions to activate the scheme will remain so long as the proposed reduction in Alert Levels does not occur before 6am on Saturday 6 March, which is the beginning of the seventh day of the calculation period
- Note that if the proposed reduction in Alert Levels occurs before 6.00am on 6 March, Cabinet would need to make another decision confirming availability of the schemes

### **A reduction in alert levels will affect business eligibility for WSSMAR21**

Should Cabinet choose to reduce the alert level settings after 6am tomorrow morning, particularly in Auckland at Alert Level 3, this could affect business eligibility for the WSSMAR21.

A reduction in Alert levels this weekend is likely to make fewer businesses eligible for WSSMAR21, including some who have already applied based on predicted revenue decline.

Businesses need to have a 40% actual or predicted decline in revenue over a consecutive 14-day period between 28 February

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and 21 March, compared to a typical 14-day period between 4 January and 14 February 2021 (6 weeks before the change in alert levels).

Some businesses may wish to reassess their eligibility for the WSSMAR21. There is a process for repaying the subsidy if a predicted revenue decline is not realised, but businesses may prefer to withdraw an application than go through the repayment process.

See **Appendix One** for the technical points MSD has drafted for the Minister of Finance.

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**Our advice**

We recommend **you support** the recommendations outlined above relating to the WSSMAR21 scheme.

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**Talking points**

- There has been a strong take-up of the COVID-19 Wage Subsidy March 2021. Since it opened for applications at 1 pm yesterday, there MSD had received 21,350 applications as at 1:15pm today.
- Moving down alert levels may mean that some businesses that have already applied based on predicted revenue loss that may not eventuate.
- This could be for several reasons, including businesses resuming normal operations sooner than expected.
- MSD will email these businesses that have applied to give them the opportunity to withdraw their application. They will have from 5 pm today to midday Monday to fill-in an online form notifying MSD that they no longer need the subsidy.
- [It's important to note that providing this opportunity for businesses to withdraw their application is not new. Businesses previously had to call MSD about withdrawing their application. This form and process are being introduced because of applications opening early and the number of applications we've received at this point.]
- I don't expect all businesses to take up this option, but as we opened up for applications early, it is important to give the people who have already applied the opportunity to withdraw their application rather than making them go through the re-payment process.

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## Appendix One – technical points

- A reduction in Alert levels this weekend is likely to make fewer businesses eligible for WSSMAR21, including some who have already applied based on predicted revenue decline.
- Some businesses may wish to reassess their eligibility for the WSSMAR21. There is a process for repaying the subsidy if a predicted revenue decline is not realised, but businesses may prefer to withdraw an application than go through the repayment process.
- MSD is designing a form and process to enable early applicants to withdraw their application if they wish.
- From 5pm on Friday 5 March, MSD will email early applicants to confirm that two-week payments are scheduled to be made from 8 March 2021 to applicants who meet the eligibility criteria, and to offer these applicants the option of withdrawing their application if they expect they will no longer meet the eligibility criteria.
- Applications received after 5pm on 5 March will not be emailed but will still be able to contact MSD to advise a change of in circumstances and potentially withdraw their application if their payment has not been made.
- WSSMAR21 will continue to be open for applications until 21 March and businesses will still be able to apply at any time until that date.
- Early applicants that choose to withdraw their application up until noon on Monday 8 March will still be able to submit a new application while the WSSMAR21 is open.
- As at 10.50am on Friday 5 March 19,367 businesses had applied for the WSSMAR21.

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