

AoG Consultancy Services Order (CSO)

Part A – for Participating Agency (client) to complete

The Participating Agency (referred to as the client in Parts A – E of this Consultancy Services Order) will complete this and email the entire form (including all Parts) to the Provider.

| | | | |
|---|--------------------------------------|--|--|
| Today's Date | 12 November 2021 | CSO or Project name | COVID-19 Wage Subsidy Scheme evaluation: Outcome component |
| Agency | Ministry of Social Development | Provider | Motu Economic and Public Policy Research Trust |
| Senior Fellow | s9(2)(a) OIA | Provider contact name & title | s9(2)(a) OIA |
| | Senior Analyst Research & Evaluation | | Senior Fellow |
| Nominated Personnel | s9(2)(a) OIA | Nominated Personnel | s9(2)(a) OIA |
| | | | Motu research analyst |
| Agency email address | s9(2)(a) OIA @m sd.govt.nz | Provider email address | s9(2)(a) OIA @motu.org.nz |
| Agency phone # | s9(2)(a) OIA | Provider phone # | s9(2)(a) OIA |
| Sub Category | Policy, research and development | | |
| GCDO Assurance Sub Panel | No | | |
| Protective Security Services Sub Panel | No | | |

A1. Purpose and any background information

Background

In May 2021, the Office of the Auditor General (OAG) released an audit of the management of the Wage Subsidy Scheme (WSS).¹ The audit recommended that the Ministry of Social Development (MSD), Inland Revenue (IR), the Ministry of Business, Innovation and Employment (MBIE), and The Treasury carry out timely evaluation of the development, operation, and impact of the WSS to inform preparation for future crisis-support schemes.

The evaluation is being co-ordinated by MSD in partnership with IR, MBIE and The Treasury via cross-agency Working and Steering Groups.

Evaluation Purpose and Objectives

The overall purpose of the evaluation is to understand the development, operation, and wider effects of the WSS to inform future policy responses aimed at maintaining employment attachment and economic activity in any future crisis situations.

The primary objectives of the evaluation are to:

- Understand how well the WSS was designed and implemented over time.
- Identify the extent to which the intended outcomes of the WSS were achieved in the short and medium-term for recipient employers, the self-employed, and employees.
- Identify the lessons for policy design and delivery of future support schemes responding to economic crises.

Process and outcome components

The evaluation will consist of two components - a process component and an outcome component. The two components are being procured at the same time and will run concurrently.² Evaluation findings may be organised according to the two phases of the WSS - the original Wage Subsidy and its extension (phase one), and the resurgence Wage Subsidies (phase two).

The suppliers for the process and outcome components are expected to work collaboratively as well as work closely with MSD as the procurement agency and with the WSS evaluation Working Group.

¹ <https://oag.parliament.nz/2021/wage-subsidy/overview.htm>

² The process evaluation is required to be completed by end July 2022. The outcome evaluation is required to be completed by December 2022.

A2. Specific questions / instructions for Provider

The Working Group have formulated three key outcome evaluation questions (shown below).

Process key evaluation questions (included here for information purposes only)

1. How well did the Wage Subsidy Scheme (WSS) policy development process work given the crisis context, time and resource constraints?
2. How well was the WSS implemented over time and how well were risks managed during implementation?

Outcome key evaluation questions

3. To what extent did the WSS reach the intended people and businesses?
 - To what extent did the WSS support employment attachment, business survival/resilience, employee income and other key outcomes in the short and medium term?
 - How were these outcomes distributed across different population groups, firms, sectors, industries, and regions?
4. What was the value for money of the WSS?
5. What (if any) were the unintended outcomes/consequences/risks of the WSS? eg unfair or illegal treatment of employees by employers, support for non-viable firms, potential misuse of funds.

Synthesis evaluation questions - for the process and outcome components

6. To what extent were the scheme eligibility criteria and rules "about right" in the context of the high pressure policy development process and existing infrastructure?
7. What are the lessons for the policy design and delivery of future schemes like the WSS?

A3. Additional information e.g. risks to client, additional contact information

In scope of the outcome component:

- Due to the availability of data within the evaluation timeframe, the focus of the outcome evaluation is on the four Wage Subsidy iterations that were implemented between March 2020 – March 2021.
- The short-term and medium-term outcomes of the WSS for entities that applied for it, and their employees. For the purposes of this document, short-term refers to approximately six months after each WSS iteration and medium-term refers to approximately 12 months after each WSS iteration.
- The short-term and medium-term outcomes of the WSS for the labour market and economy.
- All employment arrangements – permanent, contract, casual, fulltime/part-time.
- Any unintended outcomes of the WSS.
- High-level comparisons of findings with job retention schemes implemented internationally.

Out of scope of the outcome component:

- The Wage Subsidy August 2021.
- Topics covered in the WSS management audit conducted by the OAG.
- Other firm-level business support measures funded by the COVID-19 Response and Recovery Fund (these measures are listed in [Appendix C](#)). While the firm-level measures are out of scope of the evaluation, we are interested to know if the WSS is working well because it was supported by another measure eg the Small Business Cashflow Scheme.
- Consideration of alternative responses to the WSS.
- MSD income supports.
- The effect of the WSS on compliance with public health measures.

Critical success factors

The following factors are critical to the success of the WSS outcome evaluation.

Robust, defensible findings

- Given the substantial amount of government funding allocated to the WSS, there is significant interest in its immediate effects for businesses and their employees, as well as impacts on the economy in the shorter and longer-term. This means the WSS evaluation will come under significant public, business, and academic scrutiny. The evaluation findings must be robust and able to withstand a high level of external critique. Outcome evaluation findings must be based on sound evaluative reasoning, robust analytical methods, and defensible attribution of data.

Findings reflect and contribute to Māori aspirations

- Findings address the concepts described in Te Pae Tata (MSD's Māori Strategy and Action Plan) and contribute to Māori aspirations for their long-term social and economic development.

Effective collaboration with the process supplier

- The outcome and process suppliers work collaboratively together to ensure the overall coherence and quality of the evaluation.

Findings incorporate specialist knowledge

- The outcome findings draw on and incorporate wide-ranging areas of specialist knowledge eg knowledge of the labour market, business and economic knowledge, understanding of employment and economic policy, and law.

Understanding of the context for the WSS

- The findings reflect understanding of the highly fluid and rapidly changing context in which the WSS was developed at speed, and the resulting trade-offs that were involved.
- The findings reflect understanding of the constraints of business infrastructure which influenced the design and delivery of the WSS.

Timely delivery of findings

- The outcome supplier provides regular written updates of emerging findings over 2022 to enable them to be considered in policy work occurring in response to the COVID-19 pandemic.

A4. Client specific requirements

Expertise required

A supplier with highly developed technical expertise and demonstrated experience in evaluating outcomes of public policy in a complex implementation context is sought. Specific areas of required expertise include:

- a track record of designing outcome evaluations for complex initiatives.
- a track record of conducting high quality outcome evaluations within tight timeframes.
- quantitative data analysis skills.
- experience modelling direct and indirect economic effects of significant policy changes and investments.
- cost-effectiveness/value for money analysis skills.
- a strong understanding of public policy and the public sector.
- previous experience working collaboratively with agencies and other suppliers on an evaluation.
- evaluation contract management skills and track record of delivering projects to time and budget.

Experience in the use of the Integrated Data Infrastructure (IDI), the Longitudinal Business Database (LBD), and other firm-level and employment datasets is essential. Knowledge of the labour market is required, in addition to business and economic knowledge and an understanding of employment policy and law. The supplier may subcontract other provider(s) with suitable knowledge and experience to assist with this. The supplier shall comply with reasonable instructions from MSD based on relevant laws and regulations.

A5. Timeframes

The contract will commence Monday 22 November 2021 and end Monday 19 December 2022.

Table 1 shown in section "A8. Tables" presents an overview of the timing of evaluation activities and deliverables.

A6. Indicative budget

An estimate of the total cost over the whole-of-life of the contract, exclusive of GST \$338,340.

Payable one third (\$112,780) on signing; one third (\$112,780) on satisfactory completion of the interim finding update (indicative data for delivery is May 2022); and one third (\$112,780) on satisfactory completion of the synthesis report.

A7. Outputs of the Services

Key deliverables and their corresponding timelines are outlined in Table 1 section "A8. Tables"

A8. Tables

The services and deliverables we are seeking from the process supplier are listed in Table 1.

We expect the outcome evaluation supplier to make use of large integrated databases such as the IDI and LBD where this is appropriate and where data is available for time periods in question, as well as making use of other existing datasets. Findings from these data sources may need to be examined and elaborated further using other data sources such as surveys, qualitative interviews, and information from

any investigations examining fraud or misuse. For example, there may be difficulties with matching WSS supported jobs to IR employment data in the IDI. There are many potential reasons for this, such as self-employment not being in the IR employment data, business owners applying as employees, timing differences, as well as any misuse of the WSS. Therefore, it may be difficult to answer key evaluation questions using IDI data alone.

Where new data is to be collected, we will work with suppliers to confirm suitable participants to avoid respondent duplication and burden.

Table 1. Scope of services

| Deliverable | Requirements | Indicative date for delivery |
|--|---|------------------------------|
| Microdata application(s) | Apply to access microdata from the IDI, the LBD, and Stats NZ surveys. | December 2021 |
| Working agreement with the process supplier | The process and outcome suppliers are required to develop a working agreement outlining their processes for working collaboratively. | February 2022 |
| Ethics application | An Ethics Assessment form is required to be completed and submitted to MSD's Research Ethics Panel for approval. | February 2022 |
| Outcomes stocktake | Complete a stocktake of existing evidence on outcomes of the WSS. | February 2022 |
| Intervention logics | Assist the process supplier with development of intervention logics for phases one and two of the WSS. | February 2022 |
| Evaluation rubrics x 2 | In collaboration with the process supplier, develop evaluation rubrics for the short and medium-term outcomes of the scheme for use in the outcome evaluation. Two rubrics are required – one for WSS phase one and another for phase two. | February 2022 |
| WSS evaluation plan: Outcome evaluation component | A design for the outcome component of the evaluation which should include the following: <ul style="list-style-type: none"> • The proposed methodology for measuring outcomes. • The proposed methodology for measuring cost effectiveness/value for money. • How the concepts in Te Pae Tata will be addressed. • Quality assurance approach. • Risk management. • Reporting approaches. • Timetable. | February 2022 |
| Interim findings (minimum requirement) | Update on emerging findings. | May 2022 |

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| Interim findings (minimum requirement) | Update on emerging findings. | August 2022 |
| Final report on outcome component | A written report that addresses key evaluation questions 3, 4, and 5 and uses these findings to contribute to answering questions 6 and 7. | November 2022 |
| Synthesis report | Contribute to a written report combining process and outcome component findings that answer questions 6 and 7 (to be led by the process evaluation supplier) | December 2022 |

A9. Provider liability cap

Default liability cap(s) set out in Part F apply.

Part B – for Provider to complete

The Provider will complete Part B and email the form back to the client

B1. Specific Services to be provided

s9(2)(b)(ii) OIA

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B2. Sub Category and Tier to be Provided

| Selection | Sub-category of Services | Tier (1/2/3) |
|-----------|----------------------------------|--------------|
| | Accounting | |
| | Assurance | |
| | Audit | |
| | Finance and economics | |
| | Procurement and logistics | |
| | Taxation | |
| | Business change | |
| | Human resource | |
| | Marketing and public relations | |
| | Operations management and risk | |
| X | Policy, research and development | Tier 3 |

B3. Can you confirm that the Nominated Personnel (if any) is available to provide the Services?

The nominated personnel are available to provide the Services. We may seek to involve an additional subcontractor in our work, subject to prior agreement with the Participating Agency.

B4. Can you confirm that the timeframe is acceptable?

The timeframe is acceptable.

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B5. Estimated Start and End Date

Start 22 November 2021 End 19 December 2022

B6. Estimate / Quote (excluding GST, if any)

| | |
|--|--|
| Fees | \$338,340 |
| Administration Fee (Tier 1 and 2 only) | \$(1% of Fees for Services for which the Provider is Tier 1 or Tier 2) |
| The above Fees are apportioned as follows: | |
| Job Level 1 | \$ |
| Job Level 2 | \$ |
| Job Level 3 | \$ |
| Job Level 4 | \$ |
| Job Level 5 | |
| Fixed Fee | \$338,340 |
| Monthly Retainer | \$ |
| Subcontracting | \$ |
| Expenses | \$0 |
| Total Charges | \$338,340 |
| Identify whether the Total Charges is an Estimate / Quote and the method that the Charges have been calculated | |
| Quote, based on expected time required. | |

Additional information / assumptions:

| Job Level | Indicative Characteristics |
|-----------|---|
| Level 5 | <ul style="list-style-type: none"> 15+ years of extensive professional experience in their specialised field in a consultancy role. An industry leader and key influencer who is respected for their professional proficiency and knowledge. Recognised as a trusted adviser to ministers and/or senior executive teams. Acts as the senior responsible person on major client engagements. Able to be accountable for leading complex projects/programs. Responsible for leading a high performing team of professionals, including the coaching and mentoring of colleagues at Levels 1-4. |

| | |
|---------|--|
| Level 4 | <ul style="list-style-type: none"> • 10+ years of substantial professional experience in their specialised field in a consultancy role. • Strong theoretical base in subject area, with ability to apply best practice principles to the subject matter context. • Senior team leader with the ability to deputise for the senior responsible person and coach and mentor more junior staff. • Ability to coordinate contributions of other specialists to complete a joint project. • Can engage with clients at strategic/management level if required. |
| Level 3 | <ul style="list-style-type: none"> • 3-10 years of notable professional experience in their specialised field in a consultancy role. • A trusted performer on a wide range of client-facing consultancy projects in both the private and public sectors. • Thorough knowledge of functional area, combining a broad grasp of relevant best practice principles. • Ability to participate in multi-disciplinary teams and to work independently (with limited supervision). • Performs professional level analysis requiring technical skills and independent initiative within a well-defined program of work. • Contacts with clients predominantly at a working level. |
| Level 2 | <ul style="list-style-type: none"> • 1-3 years of demonstrable professional experience in their specialised field in a consultancy role. • Previous experience on a range of client-facing consultancy projects, preferably in both the private and public sectors. • Has a theoretical base in subject area, possibly supplemented through recent study, with the ability to translate theory into practice • Performs a variety of analytical tasks requiring independent initiative and knowledge. • Interacts with clients predominantly at the working level. |
| Level 1 | <ul style="list-style-type: none"> • 0+ years of relevant professional experience in a professional environment. • Evidence of prior contributions to consultancy engagements. • Performs a range of administrative tasks to support the wider team. • Work is performed under the guidance of colleagues at Levels 3-5. |

B7, Conflict of Interest declaration and Additional Information

I, **John McDermott** have made diligent inquiry whether **Motu Economic and Public Policy Research Trust** has any actual, potential or perceived Conflict of Interest were it to provide the Services described in this Consultancy Services Order and I have disclosed any actual, potential or perceived Conflict of Interest and how it will be managed below:

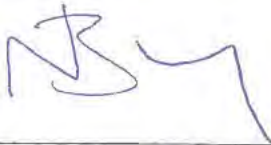
N/A

B8. Additional information

Notwithstanding anything else contained in this Agreement, the Client provides specific consent to Motu and Motu researchers to publish Motu Working Papers and scholarly journal articles that are based on or incorporate the findings of the proposed research, provided that any such publication contains acknowledgement of the funding source for the research and the ownership of any Intellectual Property governed by the Agreement and the timing of any such publication as agreed by the Client.

B9. Signatures

| | |
|---|--|
| Name of Provider's authorised signatory | John McDermott Executive Director, Motu Economic and Public Policy Research Trust |
| Signature of authorised signatory | s9(2)(a) OIA |

| | |
|---|--|
| The client accepts and authorises this Consultancy Services Order | <input checked="" type="radio"/> [Yes/No] |
| Name of client's authorised signatory | Nic Blakeley |
| Signature of authorised signatory |  |
| Date of acceptance | 23/11/21 |
| Client's job reference or purchase order number | [if required] |

Please send this link below to your agency contacts to complete after each engagement. For long engagements, we recommend sending this at key milestones to seek feedback throughout the engagement.

Consultancy (<https://www.research.net/r/ClientSatisfactionSurvey-AoGcontracts-CSO>)

GCDO Assurance (<https://www.research.net/r/GCDOAssuranceServices-CSO>)