

Background to cross-agency planning of a Wage Subsidy Scheme evaluation

Purpose

1. The purpose of this paper is to provide background to the cross-agency approach being used to develop an evaluation of the COVID-19 Wage Subsidy Scheme (the Scheme).

The COVID-19 Wage Subsidy Scheme

2. The Scheme was first announced on 17 March 2020 as part of the Government's initial package responding to the COVID-19 pandemic and was available from that date. It was a rapidly deployed, high trust scheme, whose core objectives can be broadly stated as:
 - Maintaining employment attachment and supporting worker incomes during temporary, economic disruption due to COVID-19¹.
3. The Scheme had several iterations:
 - The original Wage Subsidy Scheme
 - The Wage Subsidy extension
 - The Wage Subsidy resurgence
 - The Wage Subsidy March 2021.
4. The design and implementation of the Scheme evolved over time. It also sat alongside other support designed to help businesses financially. This makes the evaluation more complex.

The need for an evaluation

5. The Scheme was large in fiscal cost and reach, costing over \$14b and supporting around 1.8m jobs to date. It was a major part of the economic response to COVID-19. It was developed and stood-up at unprecedented pace and under highly unusual circumstances and working conditions.
6. There is now an opportunity to learn from the development and implementation of the Scheme, to inform policy advice on, preparation for, and practice during future crisis support schemes.
7. Given the urgency with which the Scheme was originally implemented, there was no plan put in place at the time to evaluate the Scheme, and no funding allocated for evaluation.
8. The Auditor General has undertaken a performance audit of the Scheme and recommends 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 Scheme.
9. Cabinet has recently authorised the drawdown of up to \$1 million from the COVID-19 Response and Recovery Fund (CRRF) to undertake an evaluation of the Wage Subsidy March 2021 and previous wage subsidy iterations.

¹ These scheme objectives have been expressed in different ways in advice over time, but the employment attachment, income support, and temporary aspects are consistent features. Related considerations have also been present in advice and these will need to be considered in scoping discussions for the evaluation, for example: supporting viable firms, rapid economic restart, social license for public health restrictions, and managing fiscal cost and adverse effects on labour market reallocation.

Related work to date

10. Last year, a cross-agency working group was established with members from MBIE, the Treasury, IR and MSD. The purpose of the group is to co-ordinate and discuss monitoring and evaluation of the Scheme. To date work has been limited to:
 - review of weekly monitoring data on receipt of the Wage Subsidy and Leave Support Payment
 - a report that describes the volume and proportion of jobs supported by the Scheme, including analyses by age, gender, ethnic group, industry, business size and region
 - a survey of businesses receiving the Wage Subsidy to understand the impact of COVID-19 and the Scheme on businesses
 - analysis to inform advice on changes to Scheme settings and on the economic and distributional impacts of the COVID-19 response more broadly.
11. This group has continued to meet this year.

Purpose and objectives of an evaluation

12. The purpose of the evaluation will be to inform any future development of this type of intervention. This will be achieved through two separate components:
 - A process evaluation to assess how well the Scheme has been implemented, including policy development and implementation.
 - An outcomes evaluation that will assess the extent to which the Scheme achieved the goals it was designed to deliver, as well as any unintended consequences.
13. Specific questions that are to be addressed by the evaluation will be developed with stakeholders during the planning stage of the project. Preliminary evaluation questions have been developed by the cross-agency working group.

Who will be involved?

14. The evaluation will be led by MSD, in partnership with Treasury, IR and MBIE. A cross-agency steering group will be established to provide high-level oversight and decision making on the scope and implementation of the evaluation. The steering group will include General Managers and others with evaluation and/or policy expertise from MSD, Treasury, IR, and MBIE.
15. During the planning phases, key stakeholders will be identified by the steering group and consulted with on key questions and methodology. Stakeholders will include the Council of Trade Unions (CTU) and Business NZ.
16. Agencies will be invited to provide in-kind support, which could include facilitation, expertise, data management, and analysis.

Next steps

17. The first steering group meeting is scheduled for the 19th of May. This meeting will involve reviewing a Terms of Reference for the steering group, and review of key evaluation questions that have been developed by the working group.
18. A broad evaluation approach will be shared at the next steering group meeting.



Terms of Reference

Wage Subsidy Evaluation Steering Group

Background

After a performance audit of the Wage Subsidy Scheme, the Auditor General 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 Scheme. Cabinet authorised the drawdown of up to \$1 million from the COVID-19 Response and Recovery Fund (CRRF) for the purposes of this evaluation.

The evaluation is being overseen by a cross-agency Working Group that includes representatives from MSD (Scott Ussher and Amy Richardson), IR (Rae Torrie), MBIE (Katie Stevens and Heather Nunns), and Treasury (Sam Holmes).

Purpose

The purposes of the Wage Subsidy Evaluation Steering Group are to ensure: 1) the evaluation is fit for purpose, meets the expectations of participating agencies, and has the necessary resources, and 2) that the evaluation findings have influence within participating organisations.

Term

This Terms of Reference is effective from May 19th and will be ongoing until terminated by agreement between the parties (namely, members of the Working Group and members of the Steering Group).

Membership

The Steering Group will comprise:

- Rob Hodgson, General Manager, Insights, MSD – Chair
- Keiran Kennedy, Manager Welfare, Treasury – Deputy Chair
- Murray Shadbolt, Principal Policy Advisor, Policy and Regulatory Stewardship, IR
- Richard Owen, Customer Segment Lead, Small & Medium Business, IR
- Dean Ford, General Manager, Economic Development and Transitions, MBIE
- Ruth Isaac, General Manager, Employment, Skills and Immigration Policy, MBIE
- Megan Beecroft, Policy Manager, MSD
- Jayne Russell, Group General Manager Employment, MSD

Membership of the Steering Group will be revised once the Evaluation Plan has been agreed.

Roles and Responsibilities

The Steering Group is accountable for:

- Endorsing the evaluation strategy
- Supporting the working group to complete the evaluation within scope, time, and budget
- Keeping Ministers informed of the evaluation
- Identifying risks associated with the evaluation
- Providing advice on any necessary changes as the evaluation progresses
- Identifying when engagement with key stakeholders, including employer and employee representatives, is needed
- Confirming the working group's communications plan and approach
- Signing off the evaluation report on behalf of their respective agencies.

Members of the Steering Group will commit to:

- Attending scheduled Steering Group meetings where possible
- Sharing all communications and information with other Steering Group members and with members of the Working Group overseeing the evaluation
- Making timely decisions and actions so as not to hold up the evaluation
- Notifying members of the Working Group, as soon as practical, if any matter arises which may affect the evaluation.

Members of the Steering Group will expect:

- That they will be provided with complete, accurate and meaningful information in a timely manner
- To be given reasonable time to make decisions
- To be alerted to potential risks and issues that could impact the evaluation, as they arise
- Open and honest discussions with the Working Group overseeing the evaluation.

Meetings

All meetings will be chaired by Rob Hodgson, MSD.

The minimum number of Steering Group members necessary for a meeting to take place will be one member from each agency.

Every effort will be made to make consensus-based decisions. Where consensus cannot be achieved, decisions will be made by majority vote.

Secretariate support for meetings will be provided by MSD. This includes preparation of agendas and supporting papers, and preparation of meeting notes.

Meetings will be held every two months or as needed. Meetings may be more frequent in the early stages of the evaluation.

It is expected that members will regularly attend Committee meetings, however, it is recognised that on occasion individual members may need to send a delegate to the meeting due to unavoidable scheduling conflicts. It will be the responsibility of members to ensure that delegates are appropriately briefed on the status of the Steering Group's work.

Treaty of Waitangi

The Steering Group will operate in accordance with the Treaty of Waitangi principles of partnership, participation, and protection. This will involve ensuring that the evaluation plan and approach is developed with input from Māori, and that the evaluation will engage with Māori affected by the Wage Subsidy Scheme, consider all outcomes with respect to Māori, and identify what data is most appropriate to collect and how this should be used from the perspectives of Māori.

Conflicts of Interest

Steering Group members should perform their functions in good faith, honestly, and impartially and avoid situations that might compromise their integrity or otherwise lead to conflicts of interest.

When members believe they have a conflict of interest on a subject that will prevent them from reaching an impartial decision or undertaking an activity consistent with the Steering Group functions, then they must declare a conflict of interest to the Chair and/or absent themselves from the discussion and/or activity.

Amendment or Variation

This Terms of Reference may be amended, varied, or modified in writing after consultation and agreement with the Wage Subsidy Evaluation Working Group.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



Agenda

Wage Subsidy Scheme Evaluation – First Steering Group Meeting

Date: 19 May 2021 **Time:** 11:00am till 12:00pm

Venue: Room 6.1, 89 The Terrace

Attendees: Richard Owen, IRD; Martin Hooper, IRD; Donna Purdue, MBIE; Dean Ford, MBIE; Ruth Isaac, MBIE; Katie Stevens, MBIE; Rob Hodgson, MSD; Jayne Russell, MSD; Hayley Hamilton, MSD; Amy Richardson, MSD; Keiran Kennedy, Treasury

Introductions

- Item 1.1 Name, role, involvement with Wage Subsidy Scheme design or implementation
- Item 2.1 Chair's introduction

Terms of Reference

- Item 3.1 Any additions/modifications?
- Item 4.1 Frequency of meetings

Review of Evaluation Questions

- Item 5.1 Question development process
- Item 6.1 Focus and coverage of current questions
- Item 7.1 Any additions/modifications?

Next Meeting

- Item 8.1 Presentation of working group's proposed evaluation approach



Minutes

Wage Subsidy Evaluation – Steering Group Meeting

Date: 19 May 2021 **Time:** 11:00am – 12:00pm

Venue: 89 The Terrace, Room 6.1

Attendees: Rob Hodgson (MSD), Jayne Russell (MSD), Hayley Hamilton (MSD), Amy Richardson (MSD), Keiran Kennedy (Treasury), Martin Hooper (IR), Donna Purdue (MBIE), Ruth Isaac (MBIE), Dean Ford (MBIE), Katie Stevens (MBIE)

Item 1: Introductions and role of Steering Group

- Introductions completed and role of Steering Group discussed. The key role of the Steering Group will be to make sure Wage Subsidy Scheme (WSS) evaluation findings are useful for all agencies, and that findings have influence.

Item 2: Terms of Reference (ToR)

- Discussed Steering Group membership and the utility of bringing in an external member. s9(2)(a) [REDACTED], who was involved in testing the policy parameters of the WSS, was identified. The Steering Group members were supportive of this idea. The importance of avoiding any conflicts of interest was identified, particularly if s9(2)(j) [REDACTED]. The Steering Group thought this could be managed appropriately.
- Discussed whether social partner representatives (CTU and Business NZ) should be included in the Steering Group. A decision was reached to ensure consultation will occur with key stakeholders (including employers and employees) throughout the evaluation.
- The attendance of delegates at Steering Group meetings was raised. There was agreement from members that delegates should not attend in place of members until after the evaluation plan has been developed and the evaluation is underway.
- An agreement was made to re-visit the membership of the Steering Group after evaluation set-up is complete and key decisions have been made.
- The need to determine the duration of Steering Group membership was identified.
- Discussed Treaty of Waitangi section of ToR and how to ensure that Treaty of Waitangi principles are honoured during this evaluation e.g. development of

evaluation plan and approach with input from Māori, engaging with Māori affected by the WSS, considering all outcomes with respect to Māori, identifying what data is most appropriate to collect and how this will be used.

- Briefing Ministers on the progress of the evaluation was discussed. It was agreed that MSD and Treasury would take the lead on this.

Action points:

- Keiran to contact s9(2)(a) regarding interest in Steering Group membership.
- Amy to update Steering Group Terms of Reference to include a section on stakeholder engagement.
- Duration of Steering Group membership to be discussed at next meeting when an evaluation plan will be reviewed.
- Working Group members to ensure that evaluation plan is reviewed by a Māori reference group.

Item 3: Review of key evaluation questions

- Iterative process of question development described by Amy and Katie (Working Group members), including an initial question 'wish list' created by each agency and grouping of these questions into categories (Design Settings, Policy Development Process, Implementation, Reach, Outcomes, Impacts). Key questions that aimed to be able to encompass all questions within each category were identified. The Office of the Auditor General (OAG) recommendations were also considered throughout the question development process.
- Steering Group members identified the importance of questions focusing on impact and learnings for future policy settings – for example, delivery to individuals or firms, use of a targeted or broad approach, high trust or greater scrutiny.
- Identified the need to get cross-agency agreement on the goals of the WSS to inform key evaluation questions and the evaluation plan.
- There was agreement to focus largely on outcomes evaluation rather than process evaluation.
- Implementation questions should consider who WSS payments should have been directed to (unemployed people, employed people, or firms), and whether a system needs to be developed for direct interaction with businesses. Also consider whether there were implementation difficulties because of the flexibility of the WSS.
- Noted potential difficulties associated with investigating cost-effectiveness.
- The summary evaluation question needs to be developed to have a broader focus than whether the WSS rules and criteria were 'about right'. Instead, it should identify the circumstances in which a WSS is likely to be useful and how it could best be implemented e.g. what are the right mechanisms to have in place to deliver a WSS or something similar at speed?
- Questions need to allow for consideration of context, including the range of additional support schemes that were available during each iteration of the WSS, and the Government's elimination strategy.
- Evaluation findings should inform future work to examine what an s9(2)(f)(iv) could look like and engage Ministers to support this future work.
- Discussed how broad the consideration of unintended outcomes should be e.g. capturing changes in WFH behaviours, wellbeing implications.

Action points:

- Working Group to develop shared understanding of the goals of the Scheme through intervention logic development process.
- Working Group to refine evaluation questions to allow for examination of targeting of the WSS, identification of ideal WSS recipients, and how future WSSs should be implemented.
- Working Group to decide how broad the capture of unintended outcomes will be.

Item 4: Next Steering Group meeting

- Decision made to meet again next month (16th June) to review evaluation plan.

Action Points:

- Amy to schedule next meeting, with dial-in option.
- Working Group to develop evaluation plan to share with Steering Group ahead of next meeting.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT



Agenda

Wage Subsidy Scheme Evaluation – Steering Group Meeting

Date: 16 June 2021 **Time:** 11:00am till 12:00pm

Venue: Room 6.3, 89 The Terrace

Attendees: Martin Hooper, IRD; Donna Purdue, MBIE; Dean Ford, MBIE; Rob Hodgson, MSD; Jayne Russell, MSD; Hayley Hamilton, MSD; Amy Richardson, MSD; Keiran Kennedy, Treasury

Apologies: Richard Owen, IRD; Ruth Isaac, MBIE

1. Minutes from last meeting
2. Update on Working Group Progress
3. Review of Evaluation Approach
4. Next Meeting



Minutes

Wage Subsidy Scheme Evaluation – Steering Group Meeting

Date: 16 June 2021

Time: 11:00am till 11:45am

Venue: Room 6.3, 89 The Terrace

Attendees: Martin Hooper, IRD; Dean Ford, MBIE; Keiran Kennedy, Treasury; Rob Hodgson, MSD; Megan Beecroft, MSD; Amy Richardson, MSD; [redacted], MSD; [redacted], MSD

Apologies: Richard Owen, IRD; Ruth Isaac, MBIE, Donna Purdue, MBIE; MSD; Jayne Russell, MSD

Item 1: Update on Working Group progress

- Finalised Steering Group Terms of Reference.
- Developed a high-level evaluation approach.
- Started work on a preliminary intervention logic to get cross-agency agreement on the intention of the Scheme. This will be provided to the Steering Group and the external supplier(s) responsible for conducting the evaluation.

Action points:

- Working Group to share intervention logic for review at next Steering Group meeting.

Item 2: Review of evaluation approach

- The evaluation approach presents key evaluation questions (adapted based on feedback from the Steering Group at the last meeting) and a proposed 2-stage procurement strategy. The first stage would involve procurement of a scoping phase and process evaluation and the second stage would involve procurement of an outcome evaluation.
- Evaluation questions reviewed by Steering Group. Discussed how the appropriateness of policy development processes can vary across different contexts e.g. peace time versus crisis. Important for the evaluation to consider whether sensible everyday arrangements for managing cabinet are a hindrance in a crisis and, if so, how to tell when it is appropriate to remove certain constraints.
- Delivery aspect of the implementation question will need to consider whether it would be more appropriate for businesses to have a way to interact directly with

government. It is helpful to identify the ways we interact with people during a crisis to understand the infrastructure we need.

- Important for outcome questions to consider primary objective of providing economic stimulus but also evolving secondary objectives and the tools that may come out of this e.g. an s9(2)(f)(iv) .
- It is helpful to identify the ways Government interacts with people during a crisis, and the infrastructure we need for people to interact effectively with different parts of the system.
- Steering Group members questioned why comparison with other international schemes is out of scope e.g. Australia and UK where retrospective schemes were used. Suggestion to check OECD publications on job retention schemes used by other OECD countries. Recommendations for future schemes resulting from the evaluation should consider whether overseas models could address any of the limitations of the Wage Subsidy Scheme (WSS).
- Noted that the variations of the WSS and its flexibility are attributes. It will be important to check how these variations were understood by businesses.
- Identified several gaps in the timeline presented in Appendix 4. Discussed that we would expect the chosen supplier to provide a complete trajectory of when key economic and/or health supports were introduced as part of the process evaluation.
- Discussed proposed timeline for the evaluation, including outcome evaluation not being complete until 2023. However, there would be a staggered reporting approach to ensure information is available for use as early as possible.
- Steering Group members requested that outcome evaluation findings are available earlier so that at least some findings are available to feed into policy development. s9(2)(f)(iv) . Discussed whether it would be possible for the process and outcome evaluation to be procured at the same time and conducted in parallel.
- s9(2)(f)(iv) .
- Discussed the potential for innovation given the budget available.
- Discussed the need for policymakers to be looped into the evaluation as it is happening and to be able to use findings as quickly as possible e.g. to inform a s9(2)(f)(iv) scheme.
- Steering Group members discussed whether aspects of the evaluation could be done in-house instead of externally contracted.
- Steering Group members noted that engagement with Māori has not been addressed in the high-level evaluation approach. Suggestion to begin consulting with the MSD advisory group. Ideally this process would have been initiated earlier. It will be particularly important to ensure Māori have had the opportunity to inform key evaluation questions.
- Discussed the importance of the evaluation drawing on existing data and evaluation findings relating to the WSS, including findings which may not have been published yet.
- Noted that chosen supplier(s) for the outcome evaluation will need IDI expertise and to be aware of the information that can currently be accessed in addition to what may need to be put into the IDI.
- Steering Group members questioned what the plan is for engaging with Ministers and reporting back findings. Noted that we should not wait for polished reports before feeding information back.

Action points:

- Working Group to adjust first evaluation question to include consideration of crisis context.
- Working Group to identify options for comparisons with other Schemes and any evaluations of these. This will be included within a one-page document outlining what is in and out of scope of the evaluation for review by the Steering Group.
- MBIE has documented the other fiscal supports that have been implemented alongside the WSS and completed a timeline of when supports were made available – this can be shared with the contracted supplier(s).
- Working Group to develop a more comprehensive timeline that documents trade-offs that will need to be made if the evaluation is to be completed more quickly (i.e. completion of process and outcome evaluation in parallel). The Working Group will also identify resourcing needed for more timely completion of the evaluation to be discussed at the next Steering Group meeting e.g. time commitment that can be made from each agency.
- Working Group to provide information on relative benefits of in-house completion versus externally contracted completion of process evaluation.
- Working Group to begin the MSD Wananga process for review of the high-level evaluation approach, particularly key evaluation questions.
- Working Group to communicate in Request for Proposals and with any contracted suppliers the importance of accessing existing evaluation data and information on the WSS (which has been compiled by MBIE).
- Working Group to ensure revised timeline notes how and when communications with Ministers will occur.

Item 3: Next steps and any other business

- A key next step for the Working Group is to arrange for the first draw down from the COVID-19 Response and Recovery Fund. This will allow for project management support to work on procurement documentation.
- s9(2)(a) is interested in being a member of the Steering Group. Steering Group members discussed management of potential conflict(s) of interest and ensuring confidentiality. It will be important for s9(2)(a) not to publish information obtained from Steering Group meetings.
- There is a report going up soon on interactions between the WSS and social unemployment insurance, and this will be reported to Cabinet.
- The next Steering Group meeting will be held at 56 The Terrace to ensure zoom capability.



Agenda

Wage Subsidy Scheme Evaluation – Steering Group Meeting

Date: 13 July 2021

Time: 3:00pm - 4:00pm

Venue: Room 3.6, 56 The Terrace

Attendees: Martin Hooper, IRD; Richard Owen, IRD; Dean Ford, MBIE; Rob Hodgson, MSD; Megan Beecroft, MSD; Jayne Russell, MSD; Amy Richardson, MSD; Keiran Kennedy, Treasury

Apologies: Ruth Isaac, MBIE; Donna Purdue, MBIE

Update on Working Group Progress

- Item 1.1 Preliminary intervention logic finalised
- Item 2.1 Scoping document developed
- Item 3.1 Timeline revised following engagement with MSD procurement team to understand requirements
- Item 4.1 Independent contractor to support procurement process
- Item 5.1 Engagement with Māori
- Item 6.1 Contract for s9(2)(a)

Review of Intervention Logic

Approval of Scoping Document

Timeline

- Item 7.1 Recommendation for concurrent versus staged approach to procurement of process and outcome evaluation components
- Item 8.1 Resource needed from each agency to support timeline

Future Meeting Dates

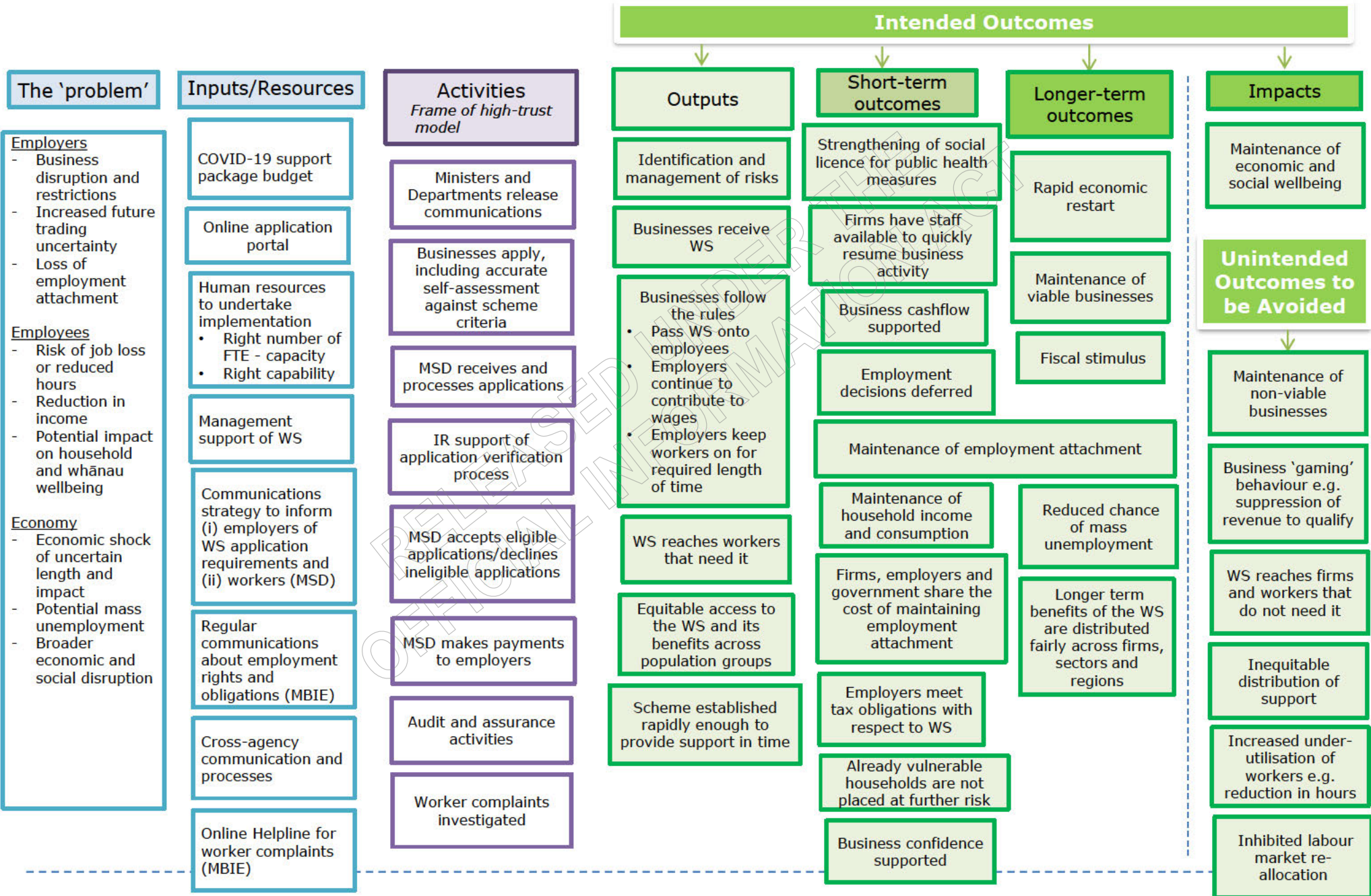
- Item 9.1 Dates for next three meetings

Next Meeting

- Item 10.1 Review of revised high-level evaluation approach reflecting updated scope and timeline
- Item 11.1 Review of process evaluation procurement plan and identified supplier(s)

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Wage Subsidy (WS) Scheme: Initial straw person intervention logic



Activities that are considered within scope of the evaluation are listed below.

In scope

Four iterations of the New Zealand Wage Subsidy Scheme (WSS) - the original Wage Subsidy, the Wage Subsidy extension, the Wage Subsidy resurgence, and the Wage Subsidy March 2021

Document review, including review of policy development documentation, and any research, reviews, analysis, and monitoring relating to the WSS

Development of evaluation plan, including intervention logic and evaluative rubrics

Process evaluation

Outcome evaluation, including early stocktake of existing WSS outcomes data

High-level comparison of overall evaluation findings with evaluations of international employment support schemes implemented in response to COVID-19, particularly in OECD countries and countries with an elimination strategy, to inform discussion and recommendations resulting from the evaluation

<https://www.oecd.org/coronavirus/policy-responses/job-retention-schemes-during-the-covid-19-lockdown-and-beyond-0853ba1d/>

Impact evaluation (depending on remaining resource)

Activities that are considered out of scope are listed below.

Out of scope

Reason

Identification of alternative responses to the Scheme

The Auditor General recommendations relate specifically to the evaluation of the Wage Subsidy Scheme, including its development, operation, and impact, as opposed to alternative responses.

In-depth comparisons with other employment support schemes implemented internationally, including:

- 1) Investigation of how the NZ response compares to others with respect to policy response (e.g. types of policy, speed), high-level outcomes, and cost
- 2) Comparison of NZ with overseas jurisdictions that used similar

For these comparisons to occur, it would be necessary to have an extensive understanding of the public health responses of other countries and how these resulted in different contexts for implementation of employment support schemes. In addition, an understanding of all the other fiscal supports on offer at the time countries implemented their

| | |
|---|---|
| <p>public health responses to allow a comparison of economic outcomes from a) employment support schemes with different settings and/or b) different forms of employment support, income-support, fiscal stimulus, or business support</p> <p>3) Identification of common patterns of overseas health and economic responses and outcomes, and use of these to inform plausible counterfactual scenarios for the evaluation</p> | <p>employment support schemes, and how these compared with supports offered here, would be needed. This would require a significant time and resource commitment, taking away from other key components of the evaluation.</p> |
| <p>Effect of the Scheme on compliance with public health measures</p> | <p>The multifaceted and inter-dependent nature of the Government's public health, business, benefit, and economic policy responses would make it difficult to produce a quantitative estimate of the difference made by the Wage Subsidy Scheme alone. Furthermore, increasing compliance with public health recommendations was not a primary objective of the Scheme.</p> |
| <p>Evaluation of any other COVID-19-related interventions</p> | <p>The \$1 million from the COVID-19 Response and Recovery Fund was made available specifically for an evaluation of the Wage Subsidy Scheme, in line with recommendations from the Auditor General. While the outcome evaluation will require paying attention to other factors that may have influenced the outcomes achieved, this will only be for the purpose of providing reasonable evidence about the contribution made by the WSS.</p> |

Note, that the current scope of the proposed evaluation will provide a platform from which these out of scope investigations can be conducted in the future.

Deliverables and Timeframes

The Steering Group has requested timely completion of the evaluation to ensure that findings are of maximum relevance and usefulness to policy makers. The Auditor General has also requested that the evaluation be conducted in a timely manner.

Staggered approach to procurement

The Steering Group has proposed that the two stages of the evaluation (the scoping/process evaluation stage and the outcome evaluation stage) be conducted in parallel. While this can largely be achieved, the Working Group proposes that the process evaluation¹ be procured first, closely followed by procurement of the outcome evaluation.

The scoping aspect of the process evaluation stage will involve the development of an overarching evaluation plan, identification of the intervention logic underpinning the WSS, and the creation of rubrics for success for both the process and outcome evaluation. This scoping will ensure that there is a shared understanding of the WSS by the different supplier(s) working on the different evaluation components and is essential before it is possible to report on outcomes/effectiveness. It is also important that qualitative findings obtained through the process evaluation are available to inform interpretation of findings from the outcome evaluation, and to understand unintended consequences.

The Working Group would like to note that running both evaluation stages at once has resourcing implications with respect to MSD project management (approximately 0.5 FTE until the end of 2021) and time commitments from agency staff (0.5 FTE from each agency until the end of 2021).

Timeline

| Product/Deliverable | Timeframe |
|---|------------------|
| Development of preliminary intervention logic to be shared with Steering Group and external suppliers <i>The intervention logic will describe the cross-agency Working Group's understanding of the inputs, activities, and outcomes of the Scheme</i> | Mid July 2021 |
| Revised timeline and evaluation scope for approval by Steering Group | Mid July 2021 |
| External contractor employed by MSD to provide project management and procurement support | Mid July 2021 |
| Briefing to Minister to request draw down of COVID-19 Response and Recovery Fund | End of July 2021 |

¹ Completion of the process evaluation by cross-agency Working Group members would remove the need to go through the procurement process for this stage of the evaluation. However, it is important that both stages of the evaluation are completed by external suppliers for the purpose of ensuring credibility of findings for the Steering Group overseeing the evaluation, as well as other government agencies and the public. In addition, there are capacity limitations within agencies which preclude completion of the process evaluation by the Working Group.

| | |
|--|-----------------------|
| <i>Draw down will request funds to cover costs of evaluation e.g. contractor(s), administration costs and staff time, procurement of the process and outcome evaluation</i> | |
| Consultation with Māori regarding evaluation approach | End of July 2021 |
| High-level evaluation approach finalised with revised timeline and scope of activities | End of July 2021 |
| Procurement process completed for process evaluation (see separate table for specific procurement actions) <i>Note that the process evaluation will include an initial scoping phase that includes development of an evaluation plan, intervention logic, and success rubrics for both the process and outcome evaluation</i> | End of September 2021 |
| Procurement process completed for outcome evaluation (see separate table for specific procurement actions) | End of November 2021 |
| Intervention logic, evaluation plan, and rubric development for process and outcome evaluation complete | February 2022 |
| Stocktake of existing evidence on outcomes of the WSS complete | March 2022 |
| Completion of process evaluation field work/interviews | April 2022 |
| Interim findings of process evaluation available for sharing with Steering Group | May 2022 |
| Process evaluation findings – final report | June 2022 |
| Interim findings of outcome evaluation available for sharing with Steering Group | August 2022 |
| Outcome evaluation findings – final report | December 2022 |
| Final report synthesising process and outcome evaluation findings | March 2023 |
| Depending on remaining funds, completion of impact evaluation and innovative dissemination of evaluation findings | TBC |

Procurement process

Given that the value of the two evaluation components will be over \$100K, procurement of each stage will require a period of at least two months – see indicative guide provided by the MSD Procurement Team below.

| Action | Indicative timeframe |
|--|----------------------|
| Pre-procurement | |
| Procurement plan developed | ~2 - 3 weeks |
| Requirements document and respond form developed | |
| Procurement plan signed off | |
| Procurement Board to approve/reject procurement plan | |
| Tender | |

| | |
|--|--------------|
| Requirements document emailed to selected suppliers | ~2 weeks |
| Confirmation from panel members to say if they will take part | |
| Last date for supplier questions | |
| Last date for agency to answer questions | |
| Tender closing date | |
| Evaluation | |
| Responses sent to Evaluation Team | ~2-3 weeks |
| Evaluation scores returned to Procurement team | |
| Moderation session meeting | |
| Shortlisted suppliers notified for presentation/korero session (if required) | |
| Shortlisted respondents' presentations/korero session (if required) | |
| Team discussion to choose a preferred respondent to contract | |
| Evaluation & recommendation report developed | |
| Evaluation & recommendation report signed off | |
| Procurement Board to approve/reject evaluation & recommendation report | |
| Post-evaluation | |
| Recommended supplier notified | ~1 - 2 weeks |
| CSO developed with supplier | |
| CSO signed with chosen supplier | |
| Contract start date | |
| Debrief unsuccessful suppliers | |



Minutes

Wage Subsidy Scheme Evaluation – Steering Group Meeting

Date: 13 July 2021

Time: 3:00pm till 4:00pm

Venue: Room 3.6, 56 The Terrace

Attendees: Richard Owen, IRD; Martin Hooper, IRD; Dean Ford, MBIE; Katie Stevens, MBIE; Rob Hodgson, MSD; Amy Richardson, MSD; Keiran Kennedy, Treasury

Apologies: Richard Owen, IRD; Ruth Isaac, MBIE; Donna Purdue, MBIE; Jayne Russell, MSD; Hayley Hamilton, MSD

Item 1: Update on Working Group progress

- Development of preliminary intervention logic to ensure there is cross-agency agreement on the intention of the Wage Subsidy Scheme (WSS) ahead of contracting external supplier(s).
- Development of scoping document identifying activities in and out of scope of the evaluation, particularly regarding comparisons with international job retention schemes.
- Adjusted timeline based on Steering Group feedback.
- Arranged for participation in MSD wānanga session to consider how the evaluation will address key Te Pae Tata focus areas and arranged to meet with Stephanie Palmer, a Kaupapa Māori research expert in the MSD Research and Evaluation team to plan for Wānanga participation.
- Engagement with s9(2)(a) [REDACTED], to arrange for s9(2) [REDACTED] to be an external member of the Steering Group. Currently working through any potential conflict of interest. s9(2)(a) [REDACTED] is likely to be able to attend the next Steering Group meeting.

Item 2: Review of intervention logic

- The Steering Group noted that the problem(s) being addressed by the WSS evolved over time. First the WSS was a tool to get money out as quickly as possible, then it was a stimulus to stop people from going out to work (Alert Level 4), and then it was a resurgence tool targeting support to those who needed it most.
- The fiscal stimulus objective was identified as being secondary to retention of employees.

- The Steering Group queried whether maintenance of non-viable businesses was an unintended outcome given that the WSS operated within a high-trust model. Even if non-viable businesses received the WSS, they may have passed it on resulting in benefits for employees.
- Inequitable distribution of outcomes should be considered in the context of the broader COVID-19 response, not specifically for the WSS.
- Investigation of unintended outcomes should consider both positive and negative outcomes.
- The Steering Group noted that some of the outcomes in the logic model have a high degree of overlap and that duplication could be reduced e.g. there is unlikely to be a big difference between maintenance of employment attachment and deferral of employment decisions.
- Potential to develop separate logics for the different iterations of the WSS.
- The Steering Group asked about the timeframes for short versus long-term outcomes – the more time that passes the more difficult it becomes to attribute outcomes to the WSS. Ideally, outcomes will be considered within a 3-year period.

Action points:

- Working Group to update intervention logic to 1) note that the problem being addressed by the WSS evolved over time, 2) allow for positive and negative potential unintended outcomes, and 3) more clearly express outcomes of the WSS.

Item 3: Approval of scoping document

- The scoping document notes that in-depth comparisons with international schemes is out of scope.
- The Steering Group suggested that while the New Zealand response should be examined in the first instance, once this has been done any remaining evaluation funds should be used to conduct international comparisons.
- It was noted that comparisons with international job-retention schemes will only be possible if evaluations of these schemes have been completed.
- International comparisons would be valuable for future policy development.
- Comparisons of different iterations of the WSS will be possible.

Action points:

- Working group to adapt high-level evaluation approach to include scope table and note that any remaining funding will be used for comparisons with overseas evaluations once the evaluation of the NZ scheme is complete.

Item 4: Deliverables and timeline

- The Working Group will develop a briefing for the Minister of Finance and Minister of Social Development. This will request the drawdown of the COVID-19 Response and Recovery Fund and provide an update on the evaluation work programme.
- The Steering Group noted that timeframes had been adjusted but that it is important for findings to be made available as early as possible to inform the development of relevant policies e.g. s9(2)(f)(iv) [REDACTED]. If evaluation findings are not delivered in the first half of next year the opportunity to influence the shaping of an s9(2)(f)(iv) [REDACTED] will have passed.

- The purpose of a process evaluation was discussed which is to understand how an initiative was implemented. This is important to be able to identify the key activities that contributed to the outcomes achieved.
- The Steering Group recommended a slight delay in the finalisation of the high-level evaluation approach (mid-August) so that this can be adapted to incorporate feedback from the wānanga session.
- Staggering key deliverables from each of the evaluation components will help to improve the timeliness of findings and will ensure that progress can be demonstrated to Ministers.
- The Steering Group queried why the Working Group is not intending to complete the process evaluation as this might allow for outcomes to be achieved earlier. However, resourcing of the Working Group is an issue and the onboarding of additional members with the relevant skill sets is likely to take longer than the procurement process (where large teams with the relevant skills are readily available).
- The Steering Group acknowledged that there could be a risk in the Working Group determining the evaluation success criteria and then having a separate supplier/contractor complete the evaluation work. It will be important for suppliers to understand and agree to what it is they are trying to deliver.
- The Steering Group recommended that both the process and outcome evaluation be procured in parallel. This will require more time/resource from the Working Group which needs to be discussed with managers within the different agencies.

Action points:

- Rob to contact managers within the different agencies and discuss additional resourcing for the Working Group (0.5 FTE from each agency until the end of the year).
- Working Group to revise timeline in high-level evaluation approach to reflect that procurement of the process and outcome evaluation will occur at the same time.
- Working Group members from MSD to complete briefing to the Minister of Finance and the Minister of Social Development to provide a progress update and request the drawdown of the COVID-19 Response and Recovery Fund.

Item 4: Next meeting and any other business

- Next meeting to take place Wednesday 18 August.
- Murray Shadbolt (Principal Policy Advisor) will replace Martin Hooper on the Steering Group.
- Steering Group to review revised high-level evaluation approach, agree on any changes following feedback from MSD wānanga session, and be updated on progress with procurement.



Agenda

Wage Subsidy Scheme Evaluation – Steering Group Meeting

Date: 18 August 2021 **Time:** 2:00pm - 3:00pm

Venue: Room 5.6, 56 The Terrace

Attendees: Murray Shadbolt, IRD; Richard Owen, IRD; Dean Ford, MBIE; Ruth Isaac, MBIE; Megan Beecroft, MSD; Jayne Russell, MSD; Scott Ussher, MSD; Amy Richardson, MSD; Keiran Kennedy, Treasury

Apologies: Donna Purdue, MBIE; Rob Hodgson, MSD

Update on Working Group Progress

- Item 1.1 Separate intervention logics developed to represent Phase One and Phase Two
- Item 2.1 High-level evaluation approach adapted to incorporate feedback from last Steering Group meeting
- Item 3.1 Report outlining the high-level evaluation approach and requesting the drawdown of \$1 million from the Covid-19 Response and Recovery Fund (CRRF) submitted to the Minister of Finance and the Minister for Social Development and Employment on 30 July and approved on 3 August 2021
- Item 4.1 Potential suppliers for the process evaluation and outcome evaluation shortlisted and given advance notice by MSD procurement team
- Item 5.1 Procurement plan and requirements documents drafted
- Item 6.1 Participation in MSD Wānanga session

Review of Wānanga Document

- Item 7.1 Paper for consideration outlining recommended activities and which of these the Working Group proposes to be in and out of evaluation scope

Approval of Highlighted Changes to Evaluation Approach

- Item 8.1 Revised timeline
- Item 9.1 Resource needed from each agency to support timeline

Next Meeting

Item 10.1 Outcome of meeting regarding data availability, including what sources will be available within our timeline

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

High-level evaluation approach for the COVID-19 Wage Subsidy Scheme

Note: This evaluation approach is a live document and is subject to change.

VERSION CONTROL

Record all approved changes to this document.

| Version # | Change Description | Date | Author |
|-----------|--|-------------|----------------|
| 1.0 | First draft | August 2020 | Out of scope |
| 2.0 | Second draft sent to Working Group | June 2021 | Amy Richardson |
| 3.0 | Third draft sent to Working Group and Steering Group | June 2021 | Amy Richardson |
| 4.0 | Fourth draft | August 2021 | Amy Richardson |

Executive Summary

This paper describes the high-level approach for the cross-agency evaluation of the COVID-19 Wage Subsidy Scheme (the Scheme). The evaluation will be coordinated by the Ministry of Social Development, with support from Inland Revenue (IR), the Ministry of Business, Innovation and Employment (MBIE), and the Treasury.

In line with recommendations of the Auditor General following a performance audit of the Scheme (see Appendix 1), the key objectives of the evaluation are to:

- Understand how well the Scheme was developed and implemented.
- Assess the extent to which the Scheme achieved its intended outcomes, within the context of COVID-19 and other Government supports.

The evaluation will provide information and recommendations to inform future responses to economic shock situations where maintaining employment attachment is critical.

A cross-agency Working Group has been meeting regularly since May 2020 to discuss and plan monitoring and evaluation of the Wage Subsidy Scheme. This group proposes a **process evaluation** and an **outcome evaluation** of the Scheme, using a mixed methods approach. The outcome evaluation will include a cost-effectiveness/value for money analysis, and this may be followed by an impact evaluation if funds allow.

The process and outcome components of the evaluation will be procured from external supplier(s) to enhance the integrity of evaluation findings. The procurement process for both suppliers will occur at the same time. Suppliers will be required to develop a comprehensive evaluation plan before undertaking evaluation activities, with process and outcome suppliers each developing their component of the evaluation plan. They will be required to collaborate in the development of intervention logics (one for the original Wage Subsidy and its extension, and another for the two resurgence Wage Subsidies) and in the development of rubrics to assess the performance of the Scheme.

It is anticipated that up to a third of the money available for evaluation from the COVID-19 Response and Recovery Fund will be used to procure an external supplier for the process evaluation, and all remaining funding will be used to procure an alternative supplier for the outcome evaluation. Suppliers responsible for each evaluation component will be expected to work closely together for the duration of the evaluation.

A cross-agency Steering Group has been established to provide high-level oversight and decision making on the evaluation scope and implementation, to ensure evaluation findings are useful for all agencies, and that findings have influence. The Steering Group includes senior managers and others with evaluation, operational and/or policy expertise from MSD, Treasury, IR, and MBIE. Steering Group members will be responsible for sign-off on key evaluation deliverables.

Findings from the process and outcome evaluations will be presented in a range of reporting products. The timing and nature of final products will be decided in conjunction with the preferred external supplier(s). A full communications plan will be developed during the scoping phase of the process evaluation, but we anticipate that all evaluation findings will be published.

Wage Subsidy Scheme Background

The advent of COVID-19 and the Government's public health response in the form of lockdowns presaged significant economic consequences for both business and workers in New Zealand. Businesses and firms faced varying degrees of impact based on a range of characteristics, including industry and firm size. Given the considerable cost of labour, a key concern for businesses/firms affected by the impacts of COVID-19 was the ability to continue to pay workers.

The New Zealand Government introduced a range of measures to mitigate the impacts of the pandemic-induced economic shock for firms and the potential for an economic downturn. One of the key forms of support was the COVID-19 Wage Subsidy Scheme.

The COVID-19 Wage Subsidy Scheme

The COVID-19 Wage Subsidy Scheme (the Scheme) was first announced on 17 March 2020 as part of the Government's initial response to the COVID-19 pandemic. It was a rapidly deployed, high trust scheme developed and stood-up at unprecedented pace and under highly unusual circumstances and working conditions. Due to the unprecedented nature of the COVID-19 pandemic, the Scheme sits within multifaceted and inter-dependent public health, business, benefit, and economic policy responses.

The core objective of the Scheme can be broadly stated as:

Maintaining employment attachment and supporting worker incomes during temporary, economic disruption due to COVID-19.¹

The COVID-19 Wage Subsidy Scheme was modelled on the Earthquake Support Subsidy (ESS)² developed in response to the 2011 Canterbury and 2016 Kaikoura earthquakes. The ESS was designed to support small businesses whose operation was disrupted by earthquake damage, ensuring employees got paid while businesses worked through the worst of the earthquake recovery.

Given the speed with which the COVID-19 Wage Subsidy was designed and operationalised, its design and implementation evolved over time. It also sat alongside other support designed to help businesses financially (see Appendix 2). The Scheme has had five iterations (see Appendix 3):

- The original Wage Subsidy
- The Wage Subsidy extension
- The Wage Subsidy resurgence
- The Wage Subsidy March 2021
- The Wage Subsidy August 2021.

¹ For further details see: <https://covid19.govt.nz/assets/resources/proactive-release/Transitioning-to-an-Enhanced-Wage-Subsidy-Scheme-Paper-and-Minute.pdf> Note scheme objectives have been expressed in different ways in advice over time, but the employment attachment, income support, and temporary aspects are consistent features. Related considerations have also been present in advice and these will need to be considered in scoping discussions for the evaluation, for example: supporting viable firms, rapid economic restart, social license for public health restrictions, and managing fiscal cost and adverse effects on labour market reallocation.

² For further details see: <https://www.beehive.govt.nz/release/earthquake-support-package-available-immediately> and <https://www.beehive.govt.nz/release/support-package-quake-affected-kaikoura-businesses>

Following the 17 March announcement of the first Wage Subsidy Scheme, the Wage Subsidy Extension was announced on 14 May 2020, the Resurgence Wage Subsidy was announced on 17 August 2020, the Wage Subsidy March 2021 was announced on 4 March 2021, and the Wage Subsidy August 2021 was announced on 17 August 2021. (see Appendix 4).

Monitoring and analysis to date

There has been a range of analysis and monitoring completed on the Wage Subsidy Scheme to date, including regular weekly public reporting during implementation of the subsidies, analysis of who has received the subsidies, and surveys of recipient perspectives. More work is currently underway. For example, a cross-agency project involving an economic analysis of the impact of COVID-19 is being funded by Treasury and is due for completion in 2022. This project forms part of the COVID-19 Te Punaha Matatini/University of Auckland COVID-19 research programme and will use the IDI and Longitudinal Business Database (LBD) to estimate individual and firm-level impacts of COVID-19 restrictions and the effectiveness of government economic stimuli packages. It is important that the process and outcome evaluations of the Scheme consider and build on existing knowledge.

Evaluation Approach

In May 2021, the Office of the Auditor General released an audit of the management of the Scheme.³ This recommended that MSD, IR, MBIE, and Treasury carry out timely evaluation of the development, operation, and impact of the Scheme to inform preparation for future crisis-support schemes. Soon after, Cabinet authorised the draw down of up to \$1 million from the COVID-19 Response and Recovery Fund (CRRF) for an evaluation of the Scheme.

Since May 2020, a cross-agency Working Group involving members from MSD, IR, MBIE, and Treasury has been meeting to co-ordinate and discuss monitoring and evaluation of the Wage Subsidy Scheme.

The following sections of this paper describe the intended approach to the Wage Subsidy evaluation, as developed by the cross-agency Working Group.

Evaluation purpose

The overall purpose of this evaluation is to understand the development, operation, and wider effects of the Wage Subsidy Scheme in order to inform preparation for future crisis events where a similar scheme might be needed.

Given the urgency with which the Scheme was implemented, no criteria for judging the Scheme's success and impact were established and documented in official papers.

In light of this, the primary objectives of the evaluation are to:

- understand how well the Scheme was implemented over time

³ Controller and Auditor-General. (2021). Management of the Wage Subsidy Scheme. <https://oag.parliament.nz/2021/wage-subsidy>

- identify the extent to which the intended outcomes of the Scheme were achieved in the short and medium-term for recipient employers, self-employed people, and employees
- and identify the lessons for policy design and delivery of future support schemes responding to economic crises.

Key evaluation questions

A collaborative process was used to identify key evaluation questions of interest to MSD, MBIE, IR and the Treasury.

Process evaluation questions

- 1) How well did the Wage Subsidy Scheme (WSS) policy development process work given the crisis context, time, and resource constraints?
 - E.g. IT, contingency planning, communications and legal resources, risk, quality of advice under pressure, staff wellbeing, organisational support, financial management and reporting, and consultation and engagement with Māori
- 2) How well was the WSS implemented over time and how well were risks managed during implementation?
 - E.g. Delivery infrastructure; cultural competence; appropriate recipient(s) – businesses, employers, employees, unemployed people; agency relationships/governance; resource management; responsiveness to different population groups and business types; high-trust model versus greater scrutiny; benefits of a broad versus targeted approach; flexibility

Outcome/impact evaluation questions

- 3) To what extent did the WSS reach the intended people and businesses?
 - E.g. Employer use – did employers follow the rules?
- 4) 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?
 - What was the value for money of the WSS?
- 5) What (if any) were the unintended outcomes/consequences/risks of the WSS?

E.g. unfair or illegal treatment of employees by employers, support for non-viable firms, potential misuse of funds

Summary evaluation questions

- 6) To what extent were the WSS 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?

The questions (along with the wider evaluation approach) have been developed with a focus on MSD strategies, including *Te Pae Tawhiti*, *Te Pae Tata*, and *Pacific Prosperity*. The extent to which the Scheme supported *Mana Manaaki* will be investigated through the process evaluation question focused on implementation, particularly through examination of the responsiveness of the Scheme to different population groups. *Kotahitanga*, partnering for greater impact, will be explored through the process evaluation question focused on policy development and the consultation that occurred with government agencies, whānau, families, hapū, iwi, providers and communities during this time. The outcome evaluation questions will enable an understanding of how the Scheme delivered on *Kia Takatū Tātou* – support for long-term social and economic development and the maximisation of opportunities for people, whānau and families, iwi and communities.

Crown agencies have a responsibility to understand how well different policies and initiatives have protected and acknowledged Māori interests in accordance with Te Tiriti o Waitangi. The key evaluation questions aim to provide this understanding in relation to the Scheme. Questions will identify if access to and the effect of the Scheme was different for Māori (including how and why), the extent to which Māori support for the Scheme was ascertained by policymakers, whether Māori were involved in design and implementation of the Scheme, and whether the Scheme was designed to achieve equitable outcomes.

Methods

As we intend to procure this work, final methods will be agreed with the selected supplier/provider(s). We will seek a mixed methods approach for all phases of the work where possible, but anticipate that the process evaluation will involve a combination of qualitative interviews and focus groups with key stakeholders and quantitative analysis of monitoring data, and that the outcome/impact evaluation questions will include quantitative analysis of monitoring and linked administrative data in the IDI.

Procurement plan

The Working Group proposes procurement of two suppliers: a supplier to complete the process evaluation and a supplier to complete the outcome evaluation. Separate suppliers may be needed for each evaluation component so that process and outcome evaluation activities can occur concurrently (although a supplier with the required capability for both evaluations and sufficient capacity could do both evaluations). This will help to ensure timely findings that can inform the development of a range of policies that are currently under consideration e.g. the Social Unemployment Insurance Scheme.

In order to support the procurement process, the first draw down from the COVID-19 Response and Recovery Fund will be to employ a contractor who will assist with

procurement of a supplier(s) for the process evaluation and provide project management support. Ideally, the contractor will provide support until the end of 2021.

Process evaluation procurement

Suppliers of the process evaluation will be expected to complete the following activities:

- Document the history of decision making in relation to the Scheme
- Develop two intervention logics in collaboration with the outcome evaluation supplier - one for the original Wage Subsidy and its extension, and another for the two resurgence Wage Subsidies (August 2020 and March 2021)
- Develop the process evaluation component of an evaluation plan and a rubric to identify success criteria for the process evaluation
- Collaborate with the outcome evaluation supplier to develop a rubric to identify success criteria for the outcome evaluation
- Fieldwork, analysis, and final reporting for the process evaluation.

A final report on the process evaluation will be due for completion by the end of July 2022. It is anticipated that up to a third of the money available for the evaluation from the COVID-19 Response and Recovery Fund will be used for the process evaluation.

The skills required of the supplier for this evaluation component will include, but are not limited to, the following: evaluation technical expertise (evaluation design, data collection and analysis, and report writing), a strong understanding of public policy and the public sector, experience building effective and reciprocal relationships with whānau, hapū, and iwi, programme theory/logic development expertise, a track record of conducting high quality mixed-method evaluations, experience developing and using evaluation rubrics, and evaluation contract management skills. Specialist knowledge areas such as employment, tax law, and labour market knowledge will be helpful. The provider may subcontract another provider(s) with such specialist knowledge to assist with the evaluation. The process evaluation supplier will be required to establish an effective collaborative relationship and working protocols with the outcome evaluation supplier.

Outcome evaluation procurement

Suppliers of the outcome evaluation will be expected to complete the following activities:

- A stocktake of existing evidence on outcomes of the Scheme
- Collaborate with the process evaluation supplier to develop two intervention logics - one for the original Wage Subsidy and its extension, and another for the two resurgence Wage Subsidies (August 2020 and March 2021)
- Develop the outcome evaluation component of the evaluation plan
- Collaborate with the process evaluation supplier to develop success criteria for the outcome evaluation
- An outcome evaluation examining whether the Scheme was effective in meeting its objectives
- Cost-effectiveness/value for money analysis or economic evaluation comparing the resources used for the Scheme with the outcomes achieved

The outcome evaluation will be procured at the same time as the process evaluation. The outcome evaluation will examine outcomes up to 24-36 months from initial implementation of the Scheme. Reports on interim findings will be expected.

The skills required of the supplier for this component of the evaluation will include, but are not limited to, the following: evaluation technical expertise (evaluation design, data collection and analysis, and report writing), strong understanding of public policy and the public sector, quantitative data analysis skills, expertise in modelling direct and indirect economic effects of significant policy changes and investments, expertise in cost-effectiveness/value for money analysis, access to employment and tax law expertise, a track record of conducting high-quality outcome and impact evaluations, and evaluation contract management skills. The outcome evaluation supplier will be required to establish an effective collaborative relationship and working protocols with the process evaluation supplier.

MBIE has completed a stocktake of existing and planned evaluation and monitoring of the Wage Subsidy Scheme and can provide this information to the chosen suppliers.

Evaluation scope

Activities that are considered within scope of the evaluation are listed below.

In scope

Four iterations of the New Zealand Wage Subsidy Scheme (WSS) - the original Wage Subsidy, the Wage Subsidy extension, the Wage Subsidy resurgence, and the Wage Subsidy March 2021

Document review, including review of policy development documentation, and any research, reviews, analysis, and monitoring relating to the WSS

Development of evaluation plan, including intervention logic and evaluative rubrics

Process evaluation

Outcome evaluation, including early stocktake of existing WSS outcomes data

High-level comparison of overall evaluation findings with evaluations of international employment support schemes implemented in response to COVID-19, particularly in OECD countries and countries with an elimination strategy, to inform discussion and recommendations resulting from the evaluation

<https://www.oecd.org/coronavirus/policy-responses/job-retention-schemes-during-the-covid-19-lockdown-and-beyond-0853ba1d/>

Impact evaluation (depending on remaining resource following completion of the process and outcome evaluation)

Activities that are considered out of scope are listed below.

| Out of scope | Reason |
|---|--|
| <p>Identification of alternative responses to the Scheme</p> | <p>The Auditor General recommendations relate specifically to the evaluation of the Wage Subsidy Scheme, including its development, operation, and impact, as opposed to alternative responses.</p> |
| <p>In-depth comparisons with other employment support schemes implemented internationally, including:</p> <ol style="list-style-type: none"> 1) Investigation of how the NZ response compares to others with respect to policy response (e.g. types of policy, speed), high-level outcomes, and cost 2) Comparison of NZ with overseas jurisdictions that used similar public health responses to allow a comparison of economic outcomes from a) employment support schemes with different settings and/or b) different forms of employment support, income-support, fiscal stimulus, or business support 3) Identification of common patterns of overseas health and economic responses and outcomes, and use of these to inform plausible counterfactual scenarios for the evaluation | <p>For these comparisons to occur, it would be necessary to have an extensive understanding of the public health responses of other countries and how these resulted in different contexts for implementation of employment support schemes. In addition, an understanding of all the other fiscal supports on offer at the time countries implemented their employment support schemes, and how these compared with supports offered here, would be needed. This would require a significant time and resource commitment, taking away from other key components of the evaluation.</p> |
| <p>Effect of the WSS on compliance with public health measures</p> | <p>The multifaceted and inter-dependent nature of the Government’s public health, business, benefit, and economic policy responses would make it difficult to produce a quantitative estimate of the difference made by the Wage Subsidy Scheme alone. Furthermore, increasing compliance with public health recommendations was not a primary objective of the Scheme.</p> |
| <p>Evaluation of any other COVID-19-related interventions</p> | <p>The \$1 million from the COVID-19 Response and Recovery Fund was made available specifically for an evaluation of the Wage Subsidy Scheme, in line with</p> |

| | |
|--|---|
| | <p>recommendations from the Auditor General. While the outcome evaluation will require paying attention to other factors that may have influenced the outcomes achieved, this will only be for the purpose of providing reasonable evidence about the contribution made by the WSS.</p> |
|--|---|

Note, that the current scope of the proposed evaluation will provide a platform from which these out of scope investigations can be conducted in the future. Furthermore, in-depth comparisons of the features of the New Zealand Scheme and international schemes will be conducted if there are remaining funds available following completion of an impact evaluation.

Governance, responsibilities, and decision making

The evaluation will be led by MSD, in partnership with Treasury, IR and MBIE. MSD will take a coordination role in the development of an overarching evaluation approach, select and contract suitable provider(s), project manage the evaluation, and monitor evaluation progress and quality. MSD and Treasury will take the lead in reporting to Ministers.

A cross-agency Steering Group has been established to provide high-level oversight and decision making on the evaluation scope and implementation, and to ensure evaluation findings are useful for all agencies and that findings have influence. The Steering Group includes senior managers and others with evaluation, operational and/or policy expertise from MSD, Treasury, IR, and MBIE. Key deliverables, including reports to Ministers, will be signed off by the Steering Group.

Preliminary intervention logic

Two preliminary intervention logics have been developed by the Working Group to provide a conceptual framework for the evaluation - one for the first two Wage Subsidies, and another for the two resurgence Wage Subsidies (see Appendix 5). The logics will help to clarify cross-agency understanding of the intention of the Scheme and will assist in communicating our expectations for the evaluation with external suppliers. The logics will be independently verified and further developed by these suppliers.

Ethical considerations

The evaluation will be subject to review by MSD's Ethics Committee and Privacy Team. All aspects of the evaluation will be expected to be guided by key Māori values that can support an ethical evaluation process, including: whanaungatanga; manaakitanga; aroha; mahaki; mana; titiro, whakarongo, korero; and Kia Tupato.⁴

⁴ For further details see: <http://www.rangahau.co.nz/ethics/166/>

Deliverables and Timeframes

The Steering Group has requested timely completion of the evaluation to ensure that findings are of maximum relevance and usefulness to policy makers. The Auditor General has also requested that the evaluation be conducted in a timely manner.

Procurement

The Steering Group has proposed that the two components of the evaluation (the scoping/process evaluation component and the outcome evaluation component) be procured at the same time.

Timeline

| Product/Deliverable | Timeframe |
|---|------------------|
| Development of preliminary intervention logic to be shared with Steering Group and external suppliers <i>The intervention logic will describe the cross-agency Working Group's understanding of the inputs, activities, and outcomes of the Scheme</i> | Mid July 2021 |
| Revised timeline and evaluation scope for approval by Steering Group | Mid July 2021 |
| External contractor employed by MSD to provide project management and procurement support | Mid July 2021 |
| Briefing to Minister to request draw down of COVID-19 Response and Recovery Fund <i>Draw down will request funds to cover costs of evaluation e.g. contractor(s), administration costs and staff time, procurement of the process and outcome evaluation</i> | End of July 2021 |
| Consultation with Māori regarding evaluation approach (Wananga session) | End of July 2021 |
| High-level evaluation approach finalised with revised timeline and scope of activities | Mid August 2021 |
| Procurement process completed for process evaluation | Mid October 2021 |
| Procurement process completed for outcome evaluation | Mid October 2021 |
| Draft intervention logics, evaluation plans, and rubrics for process and outcome evaluation submitted | December 2021 |
| Stocktake of existing evidence on outcomes of the WSS submitted | December 2021 |

| | |
|---|---------------|
| Completion of process evaluation field work/interviews | April 2022 |
| Interim findings of process evaluation available for sharing with Steering Group | May 2022 |
| Interim findings of outcome evaluation available for sharing with Steering Group | May 2022 |
| Process evaluation findings – final report | July 2022 |
| Interim findings of outcome evaluation available for sharing with Steering Group | August 2022 |
| Outcome evaluation findings – final report | December 2022 |
| Final report synthesising process and outcome evaluation findings | March 2023 |
| Depending on remaining funds, completion of impact evaluation and innovative dissemination of evaluation findings | TBC |

Roles, Resources and Costs

Evaluation activities described within the scope of this plan will be completed using \$1 million available from the COVID-19 Response and Recovery Fund (CRRF).

Approximately one third will be used for evaluation plan development and process evaluation completion, and approximately two thirds of the funding will be used for the outcome (and potentially impact) evaluation and dissemination of findings.

Cross-agency staff time will be needed not only for project oversight but also as inputs to the evaluation.

| Roles/activities | FTE 21 /22 | Internal/In-house contract/ External |
|--|------------|---|
| Project manager - Evaluation co-ordination, evaluation stakeholder engagement support, oversight of procurement process, contract management | 0.5 | In-house contract – MSD R&E |
| Project oversight - Evaluation co-ordination, evaluation stakeholder engagement, report writing, dissemination of findings | 0.5 | MSD R&E |
| Evaluation plan, scoping, and process evaluation | TBC | External supplier |
| Outcome evaluation, including value for money analysis, and possible impact evaluation | TBC | External supplier |

| | | |
|---------------------------|-----|----------------------------------|
| Dissemination of findings | TBC | TBC – possible external supplier |
|---------------------------|-----|----------------------------------|

Key Stakeholders

Stakeholders (including people involved in Scheme development, and those affected by the Scheme) will have opportunities to provide direction, advice and relevant project information to assist planning and delivery of the evaluation. Stakeholders include the New Zealand Council of Trade Unions, Business New Zealand, Te Puni Kōkiri business support services, Pacific Business Trust, and Māori and non-Māori employers and workers eligible for and/or supported by the Scheme.

A stakeholder analysis will be completed by the chosen supplier(s) to inform the evaluation.

Risks

| RISKS ASSOCIATED WITH THE EVALUATION | | | |
|--|---|-----------------|--|
| Risk | Description | Risk likelihood | Mitigation |
| <i>Delays in procurement</i> | Risk of failing to properly plan all procurement events and protracted contract negotiations | High | We will ensure the appropriate procurement method is followed because this is important for estimating the procurement lead-time. |
| <i>Disagreements between process and outcome evaluation suppliers</i> | Risk that disagreements between the process and outcome evaluation suppliers will slow down the evaluations | Medium | Process and outcome suppliers will be required to develop and agree on a working protocol. The Working Group and/or Steering Group will make decisions that cannot be agreed upon by the suppliers. |
| <i>Data lags and upload frequency affects availability of timely data within the IDI</i> | If specific data sets are not uploaded in a timely manner into the IDI this will impact the ability to answer certain evaluation questions in the short term. | Medium | The evaluation timeframe will consider data lag issues. |
| <i>Data quality</i> | Monitoring data may not be fit for | Medium | Data quality and limitations will be carefully |

| | | | |
|--|--|--------|--|
| | purpose to answer all evaluation questions. | | considered and documented in any reporting. Expert peer review will be sought for all aspects of the evaluation. |
| <i>Project management and governance risks</i> | The evaluation involves many different stakeholders with different roles, responsibilities, and potentially conflicting interests. | Medium | An over-arching governance framework is in place and a cross-agency Steering Group has been established. |
| <i>Resourcing and timeframes</i> | Sufficient resource is needed to ensure that evaluation activities can be completed within the proposed timeframes. | Medium | We will develop a plan to ensure that adequate resource is made available for the evaluation, including with respect to agency staff time. |

Quality Assurance

All reports produced as part of this programme of work will follow the MSD Research and Evaluation team peer review and quality assurance processes, which will be adapted for cross-agency input.

Consultation, Reporting and Dissemination

Agency consultation and communication

The Wage Subsidy Evaluation cross-agency Working Group will be the primary contact point for consultation. Members of the Working Group will act as the primary contact person for their agency for any requests for agency comment on plans and reports prepared as part of the work programme, and requests for agency data required by the evaluation provider.

Key messages about the evaluation suppliers and evaluation processes will be prepared for Working Group members to disseminate to their agencies' regional offices and other relevant staff.

Dissemination plan

The report(s) produced for this evaluation will be released to the public through the MSD website. A cross-agency communications plan will be developed. Outputs for the work outlined in this paper will be through reports and presentations prepared for a range of audiences with an interest in the Scheme.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Appendix 1: Auditor General's report on management of the Scheme



OAG report
wage-subsidy.pdf

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Appendix 2: Business support measures funded by the COVID-19 Response and Recovery Fund (CRRF)

Cross-Agency Support Measures

Wage Subsidy Scheme(s) – MSD, IR, Treasury
Leave Support Scheme – MBIE with MSD
Short-term Absence Payment – MBIE with MSD
Worker Redeployment – MBIE with MSD and MPI
Shovel Ready Infrastructure Projects – MBIE with Crown Infrastructure Partners
Research & Development Loan – MBIE with Callaghan Innovation
Business Consultancy Support and Helpline – MBIE with NZTE and Regional Business Partners Network
Business Advisory Fund – MBIE with NZTE and Regional Business Partners Network

Individual Agency Support Measures

Remission of use-of-money-interest (UOMI) – IR
Depreciation on non-residential buildings – IR
Increased low-value asset write-off threshold – IR
Research and development tax credit broader refundability rules – IR
Increased provisional tax threshold – IR
Temporary Tax Loss Carry-back Scheme – IR
Small Business Cashflow Scheme – IR
Resurgence Support payment – IR
Business Finance Guarantee scheme – IR
Miscellaneous temporary law changes e.g. essential workers on parental leave allowed to return to work – MBIE
Business Debt Hibernation – MBIE
Safe Harbour for company directors – MBIE
Law changes to aid company compliance – MBIE
Digital Boost – MBIE
Workers and Workplaces Assistance Fund – MBIE
Enterprise strand of the Enabling Māori framework – MBIE
Consumer Travel Reimbursement Scheme – MBIE
Strategic Tourism Assets Protection Programme – MBIE
Tourism Transition Fund – MBIE
NZ Māori Tourism – MBIE
Support to Inbound Tourist Operators – MBIE
Regional Events Fund – MBIE
Domestic Events Fund – MBIE
Commercial law property temporary changes - Ministry of Justice
Commercial Lease Dispute Service - Ministry of Justice
Apprenticeship Boost Initiative – MSD
Loans to Essential Transport Operators - Ministry of Transport

Appendix 3: Iterations of the Scheme

Original Wage Subsidy

The original Wage Subsidy was available nationally for employers, including self-employed people, from 17 March 2021. It provided a 12-week lump sum subsidy payment to employers at \$585.80 per week for full-time employees working at least 20 hours, and \$350 per week for part-time employees working less than 20 hours.

To be eligible for the original Wage Subsidy employers had to expect, or have experienced, a 30% decline in business revenue over a continuous 30-day period compared with a similar period in 2019. Applicants had to declare that they would make their best efforts to continue to employ affected employees at a minimum of 80% of their income for the duration of the Subsidy period. They also needed to have taken active steps to mitigate the impact of COVID-19 (e.g. engaged with their bank/financial advisor) and to have signed a declaration form to that effect. Initially, the amount any one employer could receive was capped at \$150,000, however, on 23 March 2020 the Wage Subsidy cap was removed.

Wage Subsidy Extension

On 14 May 2020, a Wage Subsidy extension (WSX) was announced. This was open for applications over a 12-week period from 10 June until 1 September 2020.⁵ The extension was available to businesses/self employed people that had, or expected to have, a revenue loss of at least 40% in the 30 days before applying compared with a similar period in 2019. Eligible employers could reapply once their current 12-week subsidy had come to an end, if they met the criteria. The extension covered 8 weeks per employee from the date of application. The weekly rates were the same as under the original Wage Subsidy.

COVID-19 Resurgence Wage Subsidy

On August 17 2020, a Resurgence Wage Subsidy scheme (RWS) was announced in response to a new outbreak of the virus in the Auckland region.⁶ It provided a two-week subsidy to eligible firms and was available for businesses throughout New Zealand. The eligibility criteria for the RWS were similar to WSX in that a business must have had, or predict to have, a revenue drop due to COVID-19 of at least 40%. However for this iteration, the revenue drop applied for any consecutive period of at least 14 days within 12 August and 10 September compared to a similar period in 2019.

Wage Subsidy March 2021

A Wage Subsidy March 2021 was made available to employers to cover wages of employees in response to another outbreak of the virus in Auckland.⁷ To be eligible for this subsidy, businesses had to experience a 40 per cent decline in revenue over a consecutive 14-day period between 28 February and 21 March, compared to a typical

⁵ See <https://www.beehive.govt.nz/release/targeted-extension-wage-subsidy-scheme>

⁶ See <https://www.beehive.govt.nz/release/new-wage-subsidy-leave-scheme-protects-jobs-and-businesses>

⁷ See [COVID-19 Wage Subsidy March 2021 - Work and Income](#)

14-day period between 4 January and 14 February 2021. Businesses with highly seasonal revenue could compare their decline in revenue to the same period of 14 consecutive days in 2020 or 2019.

Wage Subsidy August 2021

A Wage Subsidy August 2021 was announced on 17 August 2021 following detection of a case of COVID-19 in the community and a subsequent nationwide move to Alert Level 4.⁸ This was available to businesses throughout New Zealand from 20 August 2021, enabling employers to pay two-weeks of wages for employees. To be eligible for this subsidy, businesses had to have had, or predicted to have, at least a 40% decline over the period between 17 August 2021 and 30 August 2021 inclusive, compared to a typical 14-day consecutive period of revenue in the six weeks immediately before the move to Alert Level 4. Businesses with highly seasonal revenue could compare their decline in revenue to the same period of 14 consecutive days in 2020 or 2019. The rates of the Wage Subsidy August 2021 were increased to reflect the increase in wage costs since the scheme was first used in March 2020. Businesses were eligible for \$600 per week per full-time equivalent employee, and \$359 per week per part-time employee.

An online and freephone complaint line was and remains available for employees who believe their employers is acting unlawfully in regards to the Scheme. Additionally, a publicly searchable database of employers who claimed the Subsidy is available to ensure transparency of payments and accountability to the public.

⁸ See <https://www.beehive.govt.nz/release/govt-triggers-business-support-following-covid-community-case>

Appendix 4: Timeline of COVID-19 support payments and key dates in the initial and resurgence pandemic response

| Date | Event Description |
|--------|---|
| 28 Feb | First COVID-19 case confirmed in New Zealand (NZ) |
| 21 Mar | The NZ Government introduces a 4-tiered Alert Level system to manage and minimise the risk presented by COVID-19 |
| 17 Mar | Wage Subsidy and Leave Payment schemes announced and introduced |
| 23 Mar | \$150,000 Wage Subsidy cap lifted |
| 25 Mar | Move from Alert Level 3 to Alert Level 4 (full national lock-down) |
| 1 Apr | Business Finance Guarantee Scheme ⁹ announced |
| 28 Apr | Nationwide move from Alert Level 4 to Alert Level 3 |
| 30 Apr | COVID-19 Response (Taxation and other Regulatory Urgent Measures) Bill announced |
| 1 May | Small Business Cashflow Loan Scheme ¹⁰ introduced and Business Finance Guarantee Scheme updated to widen eligibility |
| 13 May | Nationwide move from Alert Level 3 to Alert Level 2 |
| 14 May | Wage Subsidy Extension announced |
| 25 May | Covid-19 Income Relief Payment introduced |
| 9 Jun | Move from Alert Level 2 to Alert Level 1 |
| 9 Jun | Wage Subsidy application closing date |
| 10 Jun | Wage Subsidy Extension available |
| 11 Aug | Four confirmed community cases of COVID-19 in Auckland announced |

⁹ See <https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/asures/bfg>

¹⁰ See <https://www.ird.govt.nz/covid-19/business-and-organisations/small-business-cash-flow-loan>

| | |
|--------|--|
| 12 Aug | Move from Alert Level 1 to Alert Level 3 for Auckland region, and to Alert Level 2 for rest of New Zealand |
| 14 Aug | Announcement that Auckland will remain at Alert level 3 and the rest of New Zealand at Alert Level 2 for 12 more days |
| 17 Aug | Resurgence Wage subsidy scheme, changes to Leave Support Scheme ¹¹ and Mortgage deferral scheme extension announced |
| 21 Aug | Resurgence Wage Subsidy Scheme available |
| 1 Sep | Wage Subsidy Extension application closing date |
| 3 Sep | Resurgence Wage Subsidy application closing date |
| 27 Feb | Two new community cases of COVID-19 in Auckland announced |
| 28 Feb | Move from Alert Level 1 to Alert Level 3 for Auckland region, and to Alert Level 2 for rest of New Zealand |
| 8 Mar | Wage Subsidy March 2021 and Resurgence Support Payment available |
| 21 Mar | Wage Subsidy March 2021 scheme application closing date |

¹¹ Revenue-drop and 'negatively impacted' tests for the COVID-19 Leave Support Scheme removed. See <https://www.beehive.govt.nz/release/new-wage-subsidy-leave-scheme-protects-jobs-and-businesses>

Appendix 5: Initial intervention logics



WS Preliminary
Intervention Logic f



WS Preliminary
Intervention Logic f

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Outcome of Wānanga

Actions for Steering Group:

The Working Group requests feedback and endorsement of the proposed approach (documented below) to incorporating Te Ao Māori into the Wage Subsidy evaluation.

In particular, we would like feedback from the Steering Group on the proposed inclusion of a Māori representative on the procurement/supplier selection panel as well as the addition of a Māori member to the Working Group/Steering Group. As people are unavailable to undertake these roles from within our respective agencies, we recommend that funding from the \$1m drawdown be used to contract suitable external(s).

Context:

During the MSD wānanga, we had a kōrero focused on developing a whaihanga statement (a statement of excellence in terms of the evaluation responding to interests and needs of Māori).

Te Whaihanga – What do optimal conditions look like for this kaupapa?

An evaluation that tells us how well the policy development, implementation processes and outcomes supported whanau Māori, getting really good information to provide learning for future generations.

The wānanga involved us working through the following questions:

- Whaiwhakaaro - What is the thinking we need to achieve whaihanga?
- Whaikupu - What analysis/evidence do we require to achieve whaihanga?
- Whaikōrero - Who do we need to talk to?
- Whaihua - What are the seeds we want to grow in our garden? What fruits will we see?
- Whaipānga - How does this affect the lives of the people? Tekoteko, manaia, taowaru
- Whajoranga - If we all were to leave suddenly, how would this kaupapa survive?

Answers to these questions helped us identify several activities that we should consider as part of the evaluation. Suggested activities that the Working Group considers achievable and important to include within the scope of this evaluation, and activities that may not be possible to address within the scope of this evaluation, are listed below.

In-scope Activities:

- Inclusion of a Māori representative on the procurement/supplier selection panel
- Addition of a Māori member to the Working Group/Steering Group
- Development of Wage Subsidy Scheme (WSS) success criteria that considers the concepts underpinning Te Pae Tata – Mana Manaaki, Kotahitanga, Kia Takatū Tātou

- Specification in procurement plan that suppliers have the right expertise and mana to deliver the above
- Requiring suppliers to have a team with the ability to effectively engage with iwi/hapu/whānau and representatives of Māori employers and employees
- (a snowball approach to sampling is likely to be needed)
- Ensuring we can identify Māori within our respective agencies for suppliers to engage with regarding their experiences and perspectives on the WSS (within-agency networks) and who can participate in discussions about success criteria
- Supporting suppliers to access Māori data and identifying ways for them to investigate uptake – this will require Working Group engagement with Māori data experts
- Requiring suppliers to ensure security of Māori data and to describe how this will be protected
- Requiring suppliers to investigate the extent to which Te Pae Tata concepts were considered in design and implementation of the WSS and the learnings for next time
- Requiring suppliers to identify lessons for embedding principles of good policy development and implementation for Māori in crisis situations
- Ensuring our procurement documents include criteria for selecting capable suppliers and that chosen supplier(s) demonstrate their intention and ability to consider experiences for Māori and make recommendations for how Māori employers and employees can best be supported by job attachment/support schemes in future crisis situations
- Committing to publishing findings and ensuring they are disseminated to Māori communities in ways that are culturally appropriate

Out of Scope Activities and Reasons:

| Suggestion | Working Group Response |
|--|---|
| Development of intervention logic(s) that include Te Ao Māori perspectives | We expect that any intervention logic(s) used are developed based on the contents of official documents. Consequently, using a Te Ao Māori logic for the evaluation retrospectively would be problematic. |
| Consideration of how tamariki were supported by the WSS | This may be more appropriate to investigate as a research question – there is the problem of attributing the WSS to support of tamariki when there are too many intervening variables to be able to robust attribution. Support of tamariki may be described by respondents in qualitative interviews but evaluators will not be asked to investigate this topic specifically. |
| Investigation of how Māori family structures were affected by WSS e.g. for those working for employers who did not receive the WSS | This may be more appropriate to investigate as a research question that considers the |

| | |
|--|---|
| and may have had to move away from their land as a result | larger collective of COVID-19 business and income support measures. |
| Analysis of changes in family structures over time | This is unlikely to be possible to capture through quantitative WSS data. Instead, process maps of different people's experiences (journey mapping) could be developed. However, the time that this would require from suppliers of the process evaluation suggests this activity is out of scope. |
| Understanding the impact of the policy development cycle for Māori | This could be investigated in relation to a broad range of policies – not just the WSS – and perhaps would be explored through an evaluation without the same time constraints. Furthermore, the policy development process for the WSS was very rapid and unique, with limited opportunity for engagement. |

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Wage Subsidy (WS) Scheme phase one: preliminary intervention logic

Context

Very rapid development & delivery required - WS design constrained by existing delivery infrastructure

The 'problem'

Note that the 'problem' being addressed by the WS changed over time

Employers

- Business disruption and restrictions
- Increased future trading uncertainty
- Loss of employment attachment

Employees

- Risk of job loss or reduced hours
- Reduction in income
- Potential impact on household and whānau wellbeing

Economy

- Economic shock of uncertain length and impact
- Potential mass unemployment
- Broader economic and social disruption

Inputs/Resources

COVID-19 support package budget

Online application portal

Human resources to undertake implementation

- Right number of FTE - capacity
- Right capability

Management support of WS

Communications strategy to inform (i) employers of WS application requirements and (ii) workers (MSD)

Regular communications about employment rights and obligations (MBIE)

Cross-agency communication and processes

Online Helpline for worker complaints (MBIE)

Activities

Frame of high-trust model

Ministers and Departments release communications

Businesses apply, including accurate self-assessment against scheme criteria

MSD receives and processes applications

IR support of application verification process

MSD accepts eligible applications/declines ineligible applications

MSD makes payments to employers

Audit and assurance activities

Worker complaints investigated

Intended Outcomes

Outputs

Identification and management of risks

Businesses receive WS

Businesses follow the rules

- Pass WS onto employees
- Employers continue to contribute to wages
- Employers keep workers on for required length of time

WS reaches workers that need it

Equitable access to the WS and its benefits across population groups

Scheme established rapidly enough to provide support in time

Short-term outcomes

Maintenance of employment attachment

Maintenance of household income and consumption

Already vulnerable households are not placed at further risk

Strengthening of social licence for public health measures

Business cashflow supported

Business confidence supported

Longer-term outcomes

Rapid economic restart

Fiscal stimulus

Maintenance of viable businesses

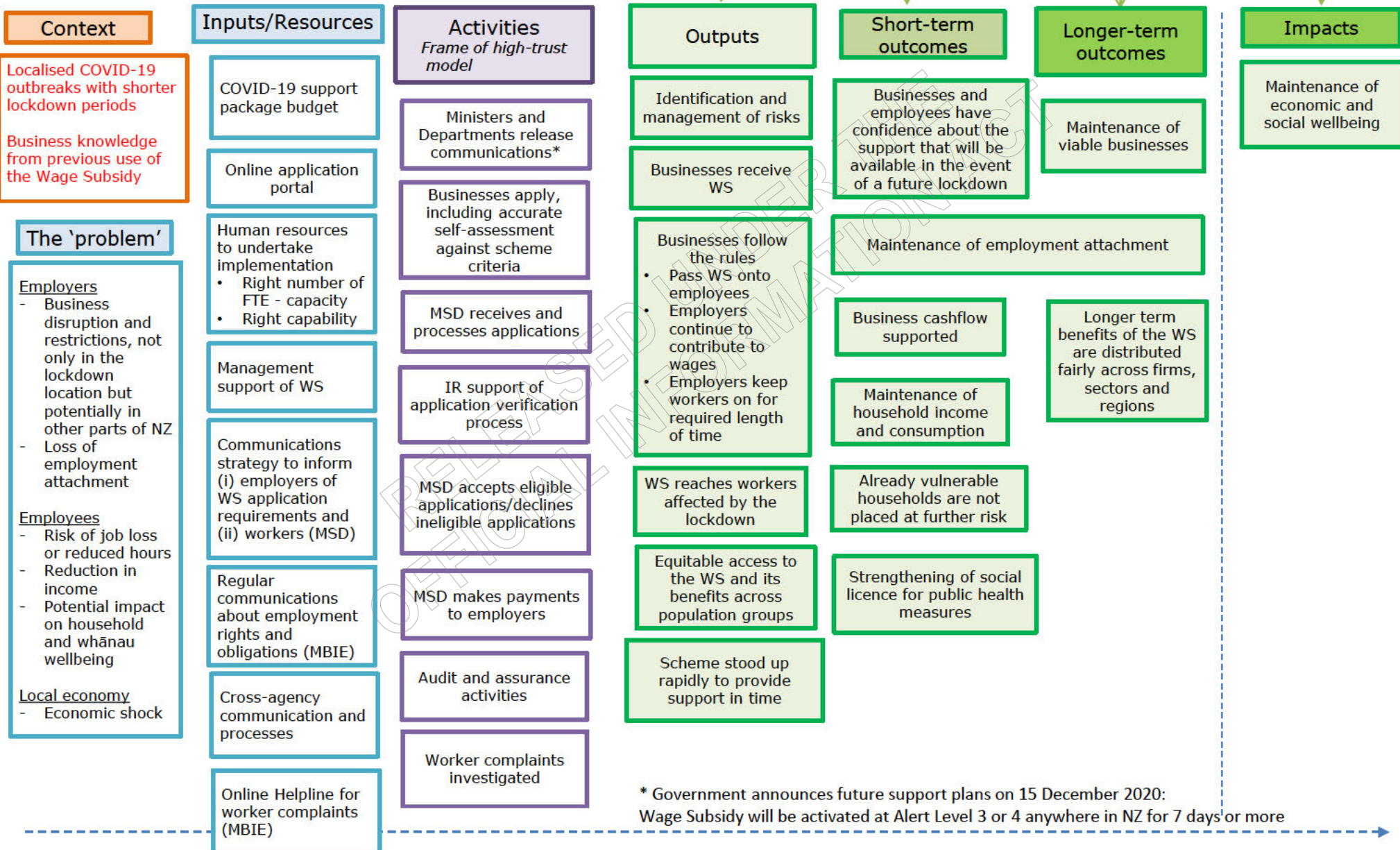
Reduced chance of mass unemployment

Longer term benefits of the WS are distributed fairly across firms, sectors and regions

Impacts

Maintenance of economic and social wellbeing

Wage Subsidy (WS) Scheme phase two: preliminary intervention logic





Agenda

Wage Subsidy Scheme Evaluation – Steering Group Meeting

Date: 16 September 2021 **Time:** 10:00am – 11:00am

Venue: Teams or 56 The Terrace, Level 3, Room 3.6

Attendees: Murray Shadbolt, IRD; Richard Owen, IRD; Dean Ford, MBIE; Ruth Isaac, MBIE; Megan Beecroft, MSD; Rob Hodgson, MSD; Amy Richardson, MSD; Keiran Kennedy, Treasury; s9(2)(a)

Apologies: Jayne Russell, MSD

Update on Working Group Progress

- Item 1.1 Potential suppliers for the process evaluation and outcome evaluation shortlisted and given advance notice by MSD procurement team (17 suppliers)
- Item 2.1 Procurement plan and requirements documents (RFPs) approved by Procurement Team
- Item 3.1 Requirements documents released 31 August; process evaluation responses due 20 August and outcome evaluation responses due 27 August

Outcome Evaluation Data Limitations

- Item 4.1 Paper for consideration on data limitations and reporting implications

Wage Subsidy August 2021 #1 and #2

- Item 5.1 Inclusion within process evaluation but not the outcome evaluation
- Item 6.1 Implications for process evaluation

Next Meeting

- Item 7.1 Update on chosen evaluation suppliers and rationale for selection
- Item 8.1 Update on what process and outcome evaluation suppliers can feasibly report within evaluation timeframe

| | |
|--------------------|---|
| DATE | 16 September 2021 |
| TO | Wage Subsidy Scheme Evaluation Steering Group |
| PREPARED BY | Wage Subsidy Scheme Evaluation Working Group |
| SUBJECT | Wage Subsidy Scheme Outcome Evaluation: data limitations and reporting implications |

PURPOSE

This paper focuses on the Wage Subsidy Scheme outcome evaluation. The purpose of the paper is to provide information to the Steering Group about data limitations which create challenges for evaluating outcomes. The paper describes options for reporting that will meet the outcome evaluation deadline without compromising the quality of the results. These options are tabled to the Steering Group for noting and discussion, before negotiations with a preferred provider begin.

BACKGROUND

MSD is working with IR, Treasury and MBIE on a cross-agency evaluation of the Wage Subsidy Scheme. The evaluation responds to agency interests, and recommendations made by the Office of the Auditor General in 2021.

The Wage Subsidy Evaluation Steering Group has agreed the evaluation be conducted in two parts, with the process evaluation reporting in July 2022, and an outcome evaluation reporting by December 2022.

Seven key evaluation questions (KEQ) have been agreed by the Steering Group (see Table 1).

Table 1: Wage Subsidy Scheme Key Evaluation Questions

| Evaluation Phase | Key Evaluation Question |
|---------------------------|--|
| Process evaluation | <ol style="list-style-type: none"> 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 evaluation | <ol style="list-style-type: none"> 3. To what extent did the WSS reach the intended people and businesses? <ol style="list-style-type: none"> a. To what extent did the WSS support employment attachment, business survival/resilience, employee income and other key outcomes in the short and medium term? b. 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 questions

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?

Both parts of the evaluation are to be delivered by external providers; procurement processes are currently underway and we anticipate the parameters of the evaluation will need to be negotiated with the outcome evaluation provider in October 2021. We are tabling this paper in advance of those negotiations, to clarify some of the limitations in what providers will be able to deliver within agreed timeframes.

THE CURRENT LOCKDOWN IS A POTENTIAL CONFOUND FOR SHORT- AND MEDIUM-TERM OUTCOMES

Outcome evaluation suppliers have been asked to consider short and medium outcomes of the **first four Wage Subsidy iterations** implemented between March 2020 – March 2021¹. Short-term refers to approximately six months after each WSS iteration and medium-term refers to approximately 12 months after each WSS iteration.

The nationwide move to Alert Level 4 on 17 August 2021, and the extended duration of Level 4 for Auckland, will have a confounding influence on outcomes we are examining as part of the Wage Subsidy Scheme (WSS) evaluation e.g. employment attachment, business survival, employee income. Suppliers will need to interpret their findings in light of the move to Alert Level 4 and, to the extent possible, the implications of current alert level settings on the outcomes from the first four waves of the WSS.

Investigation of short and medium-term outcomes will not be impacted by the most recent lockdown for the first two iterations of the scheme (the original Wage Subsidy and the Wage Subsidy extension). However, suppliers will need to consider how the lockdown might affect medium-term outcomes of the Resurgence Wage Subsidy (RWS, August 2020) and the short- and medium-term outcomes of the Wage Subsidy March 2021 (WSM21). Specifically, the current lockdown is occurring approximately 12 months after the RWS and six months after the WSM21. This is likely to impact the outcomes that are examined during these periods.

RANGE OF DATA REQUIRED TO UNDERSTAND OUTCOMES

As part of the Working Group’s preparation for discussions with the preferred outcome evaluation provider, we have spoken to data experts across involved agencies and taken stock of the datasets available for answering the KEQs. We have considered what data will be available in time for the December 2022 reporting deadline, and breadth of coverage against each of the **first four iterations** of the WSS. We have also considered data quality and the trade-offs of using alternative sources (Appendix 1). While there are a broad range of data that providers can and should draw on to

¹ MSD has agreed the current iterations of the scheme (August/September 2021) are outside of the scope of the outcome evaluation, given complexities around data collection.

investigate specific (sub) questions, we would expect use of 'big data' to provide high level insights on certain KEQ.

Questions about reach, firm level outcomes, and distributional impacts best framed by big data

Our analysis suggests that while some of the KEQs can be answered using alternative data sources, KEQ three and four (addressing the reach of the WSS to workers and firms, distributional impacts, and impacts on firm resilience) ideally require analysis of data within the Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD). Alternative datasets may not be as complete or reliable, and as such, less able to withstand scrutiny and/or the loss of data quality that can arise from analysis.

IDI and LBD data about employees more timely than data about firms and self-employed

The most comprehensive data available about worker outcomes (e.g. number of jobs protected, distributional impacts according to gender, ethnicity etc.) is contained within the IDI. MSD currently uploads wage subsidy data to the IDI very regularly.

The IDI also includes information about self-employed people; this data is available approximately six months after the end of the financial year in which it is submitted.

The best data about firms and firm resilience is contained in the LBD. The data required to enable analysis of firm resilience is not available until 18 months after the end of the financial year in which balance sheet information is submitted.²

Partial analysis of outcomes possible using IDI

Given the data availability described above, we anticipate that by December 2022, evaluation providers will be able to use the LBD and IDI to comment on:

- the uptake and distribution of schemes to workers, self-employed and firms for WSSs 1-4
- potential analysis of labour market and income dynamics (employee focused)

We don't believe it will be possible to use the IDI or LBD to draw conclusions about the difference wage subsidies made to firm resilience or survival within the agreed timeframe for the outcomes evaluation. Consequently, there may be challenges in drawing conclusions about scheme eligibility criteria, and lessons learned for policy design (KEQ 6&7).

In addition, there are a number of data challenges within the IDI and LBD that providers would need to address (eg accounting for refunds made by firms, analysis of outcomes for Māori and Pasifika firms) which may create time pressures.³

² This means data pertaining to the 2020 financial year will become available in the LBD from early 2022, data for 2021FY available in early 2023, and so on.

³ There are known issues with the quality of some of the required data sources. It will be important for providers to acknowledge, investigate, and make clear any limitations caused by these data issues

TIMELY REPORTING IN 2022 WITH FOLLOW-UP ANALYSIS

The working group understands the importance of timely reporting to enable real-time use of lessons learned. We are hopeful that providers will be able to deliver an outcomes evaluation design that provides robust answers to all of the KEQ within the agreed timeframe. In light of the data issues described above however, we think there is value in considering follow-up reporting that makes use of IDI and LBD data when it becomes available. We outline two reporting options for the Steering Group to consider:

Option 1: Report on employee outcomes in 2022; other outcomes in 2024/25

This option would focus the December 2022 report on outcomes at the employee level (eg employment attachment, worker income) across all four iterations of the WSS. It would *not* report on scheme uptake by, or outcomes for firms. Indicative findings regarding scheme eligibility criteria and lessons learned (KEQ 6&7) could be reported, using an employee lens. A subsequent report in 2024/25⁴ could be delivered, reporting on self-employed and firm level outcomes, and reviewing the conclusions reached in the 2022 report regarding eligibility criteria and lessons learned (KEQ 6&7).

Option 2: Examine all outcomes to the extent possible; with a follow up report in 2024/25.

This option would report on outcomes at the employee level (eg employment attachment, worker income) across all four iterations of the WSS, as for option 1. It would also report on uptake of the scheme by firms, disaggregating by firm characteristics where possible and using alternative data sources (eg qualitative information) to consider implications for firms and unintended outcomes. A subsequent report in 2024/25 could be commissioned, using LBD and IDI data to explore outcomes for firms and the self-employed (particularly examining firm survival and resilience), and to review the conclusions reached in the 2022 report regarding eligibility criteria and lessons learned (KEQ 6&7). This could also provide an opportunity to update previous analysis and/or consider the collective impacts of all of the Wage Subsidy Schemes up to September 2021.

NEXT STEPS

Once we have selected our preferred outcome evaluation supplier, we will work with them to determine what they can and cannot reasonably report within agreed timeframes. We will advise the Steering Group on the proposed outcomes evaluation design, outlining any data limitations/constraints that may impact full responses to KEQ. From there, we will consult with the Steering Group on whether and how best to proceed with regard to the options described above.

Discuss / Noted

Name

Position

16/09/21

⁴ By this time, data on first four iterations of the Wage Subsidy Scheme would be available in the IDI and LBD.

Appendix 1: Wage subsidy evaluation: potential datasets and their limitations

The table below summarises potential datasets for use for the purposes of the wage subsidy evaluation, describing limitations including (un)availability of data. All six iterations of the wage subsidy scheme are within scope of the process evaluation; only the first four iterations are within scope of the outcome evaluation.

1. The original Wage Subsidy (March 2020)
2. The Wage Subsidy Extension (May 2020)
3. The Resurgence Wage Subsidy (August 2020)
4. The Wage Subsidy March 2021
5. The Wage Subsidy August 2021-1
6. The Wage Subsidy August 2021-2.

| Dataset | Data availability | Data quality / challenges | Relevant to which Key Evaluation Questions? | | | | | | |
|--------------------------------------|---|--|---|------|------|------|------|------|------|
| | | | KEQ1 | KEQ2 | KEQ3 | KEQ4 | KEQ5 | KEQ6 | KEQ7 |
| Longitudinal Business Database (LBD) | <ul style="list-style-type: none"> • 2020FY returns data available early 2022 (WSS 1 & 2) • 2021FY returns data available early 2023 (WSS 3 & 4) • 2022FY returns data available early 2024 (WSS5) • 2020 FY GST data (and to September 2020) available (WSS 1,2,3) | <ul style="list-style-type: none"> • LBD has most comprehensive data for exploring firm level uptake & distributional analysis • Annual returns data is lagged - available 18 months after the end of the reference year. Required for firm survival/resilience analysis. • There are known issues with the quality of some of the required data sources. It will be important for providers to acknowledge, investigate, and identify limitations. | | | x | x | ? | x | |
| IDI | MSD has some existing analysis & code (Treasury also may) | <ul style="list-style-type: none"> • Can be used to analyse unique jobs supported, and distributional analysis by employee characteristics. Also proportion of unique jobs by industry & regional councils • IDI doesn't yet account for funds that were paid back by firms. | | | x | | ? | x | |

| | | | | | | | | | |
|--------------------------------|--|---|--|--|---|---|---|---|--|
| | | <ul style="list-style-type: none"> • Work underway to distinguish between Aug 2021 payments • Cannot distinguish owners who applied for wage subsidy, as an employee of firm, from other employees. Not captured as sole traders. • Self-employment data is lagged: available 6 months after the end of the references year (include shareholders, trustees etc). Some issues with missing data. | | | | | | | |
| StatsNZ Payroll data | New system for filing PAYE income tax returns – payday filing rather than monthly return. This is the same data used for calculating job counts (EMS). | Data not yet fully linked to the Stats identifiers. Less of an issue for individuals but more of an issue for firms. Identifiers in this data are IRD numbers, and a firm can have many ‘enterprises’ (e.g. what we would consider separate businesses) but one IRD number. | | | x | | x | | |
| StatsNZ Annual enterprise data | Availability TBC | Data from an annual StatsNZ survey of approximately 10,000 firms. Sample based. Data lag as for other annual returns data. | | | x | x | x | | |
| Māori firms data | <ul style="list-style-type: none"> • Potential to construct a dataset in the LBD. • Nicholson Consulting has developed a dataset of Māori firms for TPK. TPK to clarify whether dataset can be shared. • MBIE recently developed a Māori business identifier. | <p>TPK dataset will be available by the end of year but will only include firms up to March 2020.</p> <p>Māori business register: not enough firms registered yet for this to provide useful analysis of Māori firms.</p> | | | x | x | x | x | |
| IR dataset | s6(c) | | | | | | | | |

| | | | | | | | | | |
|-------------------------------------|--|---|---|---|----|---|----|--|--|
| | s6(c) | | | | | | | | |
| Wage Subsidy Survey (2020) - MSD | May 2020 online survey of businesses who received the original WSS. Captured information on the impact of COVID-19 on businesses, the efficacy of the WSS, staffing intentions, expectations and confidence, awareness and uptake of supports, future support needs. | <ul style="list-style-type: none"> Only captured first iteration of scheme. 25% response rate - findings may not be representative/generalisable. Opt-in survey so potential for response bias. Results are heavily weighted towards experiences of small businesses. | | x | | x | | | |
| Employment Intentions survey (MBIE) | Survey of firms with questions about post lockdown employment intentions. | May not be relevant – for further exploration | | | | | | | |
| Companies office data | Potential use to explore firm liquidations | Won't be able to attribute changes to liquidation rates to WSSs. | | | x? | | x? | | |
| Admin data sources (MBIE) | Employment services data (complaints, mediation) – coverage TBC | Useful to explore unintended consequences | | | | | x | | |
| Admin data sources (MSD) | TBC | Does MSD hold admin data on application decisions? Query admin data on firms identifiers? | | | | | x | | |
| Other existing research | Motu work ⁵ Internal MBIE work. | | x | x | x | x | | | |

⁵ http://motu-www.motu.org.nz/wpapers/21_02.pdf

Consideration of Wage Subsidy August 2021 #1 and #2 in the Process Evaluation

Purpose

The purpose of this document is to outline some of the implications of the addition of the Wage Subsidy August 2021 to the scope of the process evaluation.

Background

When the process component of the Wage Subsidy Scheme (WSS) evaluation was being scoped and costed, agencies agreed to include the four iterations of the WSS up to March 2021.

1. The original Wage Subsidy.
2. The Wage Subsidy extension.
3. The Resurgence Wage Subsidy.
4. The Wage Subsidy March 2021.

Shortly before the procurement document was released, MSD recommended that the most recent iteration of the scheme (Wage Subsidy August 2021 #1 and #2) be included.

In brief, the process evaluation supplier will examine the experience of WSS recipients (employers, self-employed, other entities) in applying for and receiving (or being declined) the WSS; the experience of employees who did, and did not, receive the WSS from their employer; and the MSD, IR and MBIE systems and resourcing that supported the WSS application process (including communications, inter-agency working, employee complaints, WSS misuse).

The procurement document specifies the entities/categories that should be included and examined in the evaluation sample, as follows:

- A range of firm/NGO sizes
- The self-employed
- A range of industry sectors, with a particular focus on low pay sectors
- Māori-owned businesses
- Pacific-owned businesses
- All employment arrangements – permanent, contract, casual, full-time, part-time
- Vulnerable/low-income employees eg casual, part-time, women, Māori, Pasifika, migrants, employees with a disability.

Key Implications

Key implications of including the Wage Subsidy August 2021 within scope are:

- Methodological challenges – Examining five individual iterations (with different eligibility criteria), using a sample which accounts for seven key categories is methodologically problematic in the timeframe available (final report due July 2022). Consequently, some trade-offs will be required, for example, identifying and focusing on which of the five iterations are of most significance for agencies or making compromises with the sampling frame.
- Extended timeframe – There is potential for the final reporting deadline to be pushed out given the additional planning and scoping that will be required, and the number of participants (i.e. from each iteration) who will need to be involved in the evaluation.
- Increased complexity – The context within which the Wage Subsidy August 2021 has been implemented is significantly different to that of earlier iterations, increasing the complexity of the evaluation. For example, businesses are facing their third or more cashflow disruption. Income streams for employees and their households are similarly disrupted with potentially more substantive and longer-term implications for household wellbeing. Furthermore, the context is continuing to change and is not yet fully understood.
- Increased cost – The cost of the process evaluation (\$300,000) was estimated based on an investigation of the first four iterations of the WSS and therefore suppliers may have difficulty expanding the scope without additional funding.
- Increased demand – The above issues all contribute to a significant demand on prospective suppliers.

Process evaluation supplier responses are due on 20 September 2021. These responses are likely to include suppliers' recommendations on the scope of what they can reasonably deliver within the reporting deadline and budget that we will feed back to the Steering Group for consideration.