

The Treasury

COVID-19 Information Release

April 2020

This document has been prepared for release by the Treasury.

Context

Agreed recommendations in this Minute reflect decisions taken by Ministers with Power to Act with delegated authority from Cabinet [see COVID-19 Ministerial Group Minute "Transitioning to an Enhanced Wage Subsidy Scheme"].

Information Withheld

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act).

Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

- [25] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information or who is the subject of the information
- [29] 9(2)(d) - to avoid prejudice to the substantial economic interests of New Zealand
- [33] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [35] 9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;
- [36] 9(2)(h) - to maintain legal professional privilege
- [39] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage

Where information has been withheld, a numbered reference to the applicable section of the Act has been made, as listed above. For example, a [23] appearing where information has been withheld in a release document refers to section 9(2)(a).

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Minute of Decisions by Ministers with Power to Act

Amended Minute
(as at 28 March 2020)

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Administrative Modifications to Wage Subsidy

On 26 March 2020, the COVID-19 Ministerial Group authorised a group of Ministers to take decisions on a proposal for an enhanced wage subsidy scheme.

Following discussions on 27 March 2020, and further discussions on 28 March 2020, the Ministers with Power to Act (Prime Minister, Deputy Prime Minister, Minister of Finance, Minister for Social Development and Hon James Shaw):

- 1 **noted** that there is a need to make some administrative modifications to the Wage Subsidy and Leave Schemes to clarify aspects of the operation of the scheme to support employers and employees to maintain a connection and ensure income reaches employees;
- 2 **noted** that these modifications are designed to support the original intent of the Wage Subsidy scheme, and unless otherwise stated the criteria remain the same;
- 3 **agreed** to retain the existing criteria that employers must make best endeavours to pay employees 80% of their normal income;
- 4 **noted** that in some cases where a business is not operating it is still desirable to maintain a connection between employer and employee even if they can not be paid at 80%;
- 5 **agreed** that employers will, regardless of hours worked, pass on to the employee at least the full subsidy rate, except where the employee's normal income before the impact of COVID-19 was below the rate of the relevant subsidy, in which case they will pay them their normal income;
- 6 **agreed** that employees must stay in employment for the 12 week period of the subsidy, unless the employee voluntarily ends the employment relationship;
- 7 **agreed** that the requirement to stay in employment will be kept under review to ensure it is not acting as a barrier to employers entering the scheme;
- 8 **agreed** that the Wage Subsidy Scheme as a whole will be reviewed after eight weeks based on the analysis of its operation;

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- 9 **noted** that nothing in the scheme overrides an employer's employment law obligations, including to pay for any work completed at the wage rated agreed between employer and employee, the obligation to pay at least the minimum wage for any actual hours of work completed and that no employer may unlawfully compel employees to take annual leave;
- 10 **agreed** to simplify the system by collapsing the current Leave Scheme into the Wage Subsidy to prevent double dipping;
- 11 **agreed that** further work **be** undertaken to support the situation of employees of essential businesses who need to self-isolate or take sick leave as a result of COVID 19, and that Ministers of Finance and Social Development will report to CVD Ministers on this as soon as possible;
- 12 **agreed** that any further decisions required to implement these modifications will be reported to the CVD Ministers as soon as possible, including updated changes to appropriations.

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