

Wage Subsidy Extension: Q&As

This guidance is for the Wage Subsidy Extension scheme, which was announced on 14 May and takes effect from 10 June. The current Wage Subsidy Scheme remains in effect until then, and all guidance provided to service centres on this remains valid for that scheme.

Applications

Can I apply if I haven't applied for the Wage Subsidy before?

- Yes, if you meet the eligibility criteria.

Do I have to reapply if I already receive the current Wage Subsidy?

- Yes, eligible firms will need to reapply through MSD once their current 12-week subsidy has come to an end. The 12 weeks is measured from the date of application.

When do applications open?

- The Wage Subsidy Extension will be open for applications from 10 June to 1 September 2020.

Payments

How much will businesses be paid under the Wage Subsidy Extension?

- The payment rates will be the same as under the current Wage Subsidy - \$585.80 per week for full-time employees (20 hours a week or over) and \$350 per week for part-time.

What period is covered by the Wage Subsidy Extension?

- The payment covers eight weeks of payments for named employees from the date of the application. It will be paid to the employer as a lump sum.

Eligibility

Who can apply?

- The Wage Subsidy Extension is open to the same types of businesses currently eligible for the wage subsidy, including New Zealand-registered businesses, the self-employed, contractors and sole traders, registered charities, incorporated societies, post-settlement governance entities, pre-revenue research and development start-up companies that are seed or venture capital backed, and any state sector organisations granted access to the current Wage Subsidy.

What are the eligibility criteria?

- A business must have experienced a minimum 50% decline in actual or predicted revenue over the 30 day period immediately prior to applying for the extension, versus the nearest comparable period last year.

Example:

- Sam's Skydiving Ltd successfully applied for the Wage Subsidy on Friday 20 March. The subsidy covered the company's employees for a period of 12 weeks, ending on Thursday 11 June. Sam's Skydiving can apply for the extension on or after 12 June.
- If Sam's Skydiving applies for an extension on 12 June, the company must have

experienced a decline in revenue of at least 50% during the previous 30 days (13 May – 11 June 2020) compared with the nearest comparable period in 2019.

- For high growth firms and new firms, revenue loss can be demonstrated using a more recent comparison period (e.g., 1 January 2020 – 30 January 2020).
- For pre-revenue start-up firms that are recognised by Callaghan Innovation, revenue loss can be demonstrated by a fall in projected capital income of 50%.
- In addition, employers must declare that they have taken active steps to mitigate the financial impact of COVID-19 on their business (e.g. by drawing from cash reserves, proactively engaging with the bank).

Obligations

What are the obligations on employers?

- Employers' obligations under the Wage Subsidy Extension are the same as those under the current scheme (as applying after 4pm on 27 March 2020). This includes obligations on employers to:
 - Use the subsidy to pay wages and salaries of named employees.
 - Use best endeavours to pay at least 80% of each named employee's ordinary wages or salary (where they are working less than 80% of usual hours), and
 - Pay at least the full amount of the subsidy to the employee, but
 - Where ordinary wages or salary of an employee is below the subsidy amount, pay ordinary wages in full.
 - Retain the employees named in the application for the period of the subsidy.
 - Not unlawfully compel or require any employees to use their leave entitlements.
- Employers must still comply with employment and health and safety law. These obligations have not changed.
- Employers and employees should have good faith discussions about employees returning to work and their employment conditions. Any changes that may be needed to employment agreements should be consulted and agreed on.

Redundancy

I am considering making employees redundant. Does the Wage Subsidy Extension change that?

If you are a Wage Subsidy recipient and considering making your employees redundant, you should read about the Wage Subsidy Extension. This extension is designed to give employers more time to understand the new operating environment and to determine if they can continue to trade.

I have recently been given redundancy notice/provided my staff with their redundancy notice. Does the Wage Subsidy Extension change this?

Normal employment law continues to apply. Employees and employers should work together in good faith.

An employer would need an employee's agreement to cancel any redundancy notice already given.

If an employee has been re-hired and is officially employed at the times of the application then the employer can claim the subsidy if they meet the new criteria for the extended scheme. It is expected that employers and employees would operate in good faith and employers would look to reinstate or re-employ the worker on the same terms and conditions.

Interaction with other schemes

Can an employee receive support from multiple schemes at the same time? (current wage subsidy, Wage Subsidy Extension, Leave Support Scheme)

- No. An employer cannot apply for more than one scheme for the same employee at the same time.

Can a business get money through the Wage Subsidy Extension and the Small Business Cashflow Schemes at the same time?

- Yes. The two schemes are complementary, with the Wage Subsidy providing funding for wage costs, and the Small Business Cashflow Scheme helping with other costs.

Will the names of businesses that receive the Wage Subsidy Extension be published?

- MSD will publish details of businesses receiving the Wage Subsidy Extension in line with its practice of publishing details of recipients of the current subsidy.

When might employers have to repay the subsidy?

- As under the current Wage Subsidy, employers will need to repay some or all of the subsidy if they:
 - no longer meet the criteria for the subsidy
 - don't meet their obligations to use the subsidy to retain and pay their employees
 - receive insurance (e.g., business continuity insurance) for any costs covered by the subsidy
 - provide false or misleading information in their applications.

Alert Levels 3 and 4

What will happen to the Wage Subsidy or the Wage Subsidy Extension if some or all of the country returns to Alert Level 3 or 4?

- The Government will consider how best to continue providing support for New Zealand businesses and employees should that situation occur.