

## DEFINITIONS FOR WAGE SUBSIDY QUALIFICATIONS

### What does registered and operating in New Zealand mean?

This means that a business is:

- registered with the New Zealand Companies Office, and
- physically located in New Zealand, and
- their employees legally work in New Zealand.

### What does legally working in New Zealand mean?

Legally working in New Zealand means a person is both working in New Zealand and is legally entitled to work in New Zealand. A person is legally entitled to work in New Zealand if they:

- are a New Zealand or Australian citizen (including a person born in the Cook Islands, Niue or Tokelau), or
- have a New Zealand residence class visa, or
- have a New Zealand work visa or a condition on their New Zealand temporary visa that allows them to work in New Zealand.

For more information, see: <https://www.employment.govt.nz/starting-employment/right-to-work-in-new-zealand/>

### What does a 30% decline in revenue mean?

This means a business has experienced a 30% decline in:

- actual revenue, or
- predicted revenue (e.g. for businesses who have seen a reduction in bookings such as accommodation providers), and
- that decline is related to COVID-19.

The business must experience this decline between January 2020 and 9 June 2020.

### Definition of revenue

Revenue means the total amount of money a business has earned from its normal business activities, before expenses are deducted.

### Determining a decline in revenue

To determine a decline in revenue, the business must compare one month's revenue against the same month the previous year (e.g. February 2020 compared with February 2019). The revenue of the month in the affected period must be at least 30% less than it was in the month it was compared against.

## What are active steps to mitigate the impact of COVID-19?

A business must take active steps to mitigate the financial impact of COVID-19 on their business. This could include activating their business continuity plan and seeking advice and support from:

- their bank
- the Chamber of Commerce
- a relevant industry association
- the Regional Business Partner programme.

## What does retaining affected staff mean?

Employers are required to agree that, for the duration of the subsidy, they will make best efforts to:

- retain the employees the subsidy was paid for, and
- pay those employees a minimum of 80% of their normal wage or salary.

## Employer obligations

The subsidy is being administered under a high trust model and employers will not be asked for verification before the subsidy is approved. However MSD will have the ability to check applications and verify information at a later date. Where false or misleading information has been provided, employers can be subject to fraud investigation.

To receive the COVID-19 Wage Subsidy, the employer must agree:

- that they meet the following subsidy eligibility criteria:
  - the business is registered and operating in New Zealand
  - their business has experienced a minimum 30% decline in actual or predicted revenue over the period of a month when compared to the same month last year (or a reasonably equivalent month for a business operating less than a year) and that revenue loss is attributable to the COVID-19 outbreak
  - they have taken active steps to mitigate the financial impact of COVID-19 on their business activities
  - the employer will make best endeavours to retain the named employees and pay them a minimum of 80% of their normal wages or salary for the duration of the subsidy
- the employer has discussed the application with the named employees, who consent to the information in the application:
  - being provided to MSD; and
  - being used by MSD, and shared with other agencies, to make decisions about the application, and to review and audit any subsidy granted
- the employer consents to the information in the application being verified with other agencies
- the employer is aware that they may be audited, and if they provide false or misleading information, they may be investigated for fraud
- the employer will notify if circumstances change that affect their eligibility
- the employer will repay any amount to which they are not entitled

## **Reviewing decisions to decline the subsidy**

Decisions to decline the COVID-19 Wage Subsidy are not made under the Social Security Act 2018 and are not covered by the usual Review of Decision guidelines.

If an employer wishes to review the decision to decline the subsidy, that decision should be reconsidered. This review should be based on whether an 'informed' decision was made and should consider the following:

- whether all relevant information obtained, and
- whether the appropriate options and implications were considered, and
- whether the decision was made at the appropriate level of delegation