



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

08 JUN 2020

Dear [REDACTED]

On 14 May 2020, the Ministry of Social Development (the Ministry) received a transfer of your Official Information Act 1982, from the Ministry of Business, Innovation, and Employment. Your request is for the following information:

- *What action is being taken to recover the wage subsidy which was wrongly applied for and paid to law firms?*
- *Copies of template documents requesting that the wage subsidy be repaid in full or part for any employee who has worked or is going to work while receiving the subsidy.*

The Ministry has been administering the COVID-19 Wage Subsidy and Leave payment Schemes established to support the government's response to COVID-19.

As part of the COVID-19 Wage Subsidy Scheme application process, the Ministry does pre-payment checks with Inland Revenue and across existing Wage Subsidy grants. For large employer applications (in excess of 80 employees), the Ministry does additional checks to ensure key criteria are met and employers understand their obligations.

In addition, the Ministry has an audit process in place to identify cases that may require further investigation. Random audits are being undertaken, as well as targeted audits based on data mining. The purpose of this process is to provide assurance that the Wage Subsidy Scheme is being used responsibly. The Ministry is engaging directly with employers to talk about their situation and confirm they understand the rules and obligations for receiving the payment.

The Ministry is also using a variety of tools, including working with Inland Revenue to match and analyse data.

The Ministry is using these processes to identify areas to focus audit activity on, and to inform which applications need to be referred for investigation and possible enforcement action.

The Ministry is working alongside the Ministry of Business, Innovation and Employment (MBIE) and Inland Revenue (IR) to develop a complaints process with respect to employment law breaches, compliance with the obligations in the Wage Subsidy and tax law obligations.

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In the vast majority of cases, employers are doing the right thing. In many cases where entitlements have been wrongly claimed, it is due to uncertainty about eligibility criteria, rather than deliberate attempts at deception. There will be exceptions to that and there are a number of cases that the Ministry is looking into further.

Where employers have claimed money they are not entitled to, the Ministry has a number of avenues open to it, including requesting repayment. In the most serious cases, where there is evidence of deliberate fraud, criminal prosecutions will be considered.

Further to this, the Ministry does not name employer applicants who have returned money following an audit, because repayment does not mean the employer had intentionally tried to mislead the Ministry. A conversation may have clarified entitlement and confirmed that they did not qualify, or they qualified for a lesser amount. The initial application could well have been made in good faith.

As part of the declaration they must sign when applying, all employers undertake to inform us of any material changes in circumstances. A number of businesses that have incorrectly claimed the Wage Subsidy have contacted us about repaying any outstanding amounts. Others have refunded money because their situation has changed.

The Ministry applies these guidelines to all COVID-19 Wage Subsidy recipients needing or wanting to make repayments, including any law firms.

The Ministry has had many wage subsidy applicants make approaches requesting to refund all or part of the subsidy they received. The standard process is for the Ministry to then formally request a refund in writing. If a full refund is received the applicants name will be removed from the COVID-19 Wage Subsidy Employer Search. If a partial refund is made, the amount on the list will be adjusted accordingly.

Employers who are unsure if they have received the COVID-19 Wage Subsidy correctly can check repayment obligations and make a repayment request at this link: www.workandincome.govt.nz/covid-19/wage-subsidy/repayments.html#null.

When the Ministry must request repayment, the following letter templates are used:

- *20 May 2020: COVID19 Voluntary repayment request letter template*
- *20 May 2020: COVID19 Integrity Audit repayment request letter template*
- *20 May 2020: COVID19 Allegation Audit repayment request letter template*

Please find these documents attached.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response concerning actions the Ministry is taking against Law Firms regarding COVID-19 Wage Subsidy repayments, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'George Van Ooyen', with a long, wavy horizontal line extending to the right.

George Van Ooyen
Group General Manager, Client Service Support



[Business name]
[Address line 1]
[Address line 2]
[Address line 3]
[Address line 4]

IR number: [000-000-000]

[Date]

Tenā koe [Name],

Thank you for participating in the audit of your circumstances and wage subsidy application.

As a result of the audit and based on the information that you provided it has been assessed that a repayment of \$[amount] is required.

You can pay this amount by internet banking using the details below:

Account number: 03 0049 0005363 26
Account name: Ministry of Social Development (MSD)
Bank and Branch: Westpac, NZ Government Branch, Wellington
Particular: DBT Covid19
Analysis Code: Business name (first 12 letters)
Reference: [IR number] (no dashes)

If you have any questions regarding this refund, please reply to the email.

If you have questions about other assistance, please phone 0800 40 80 40 for the wage subsidy line or 0800 559 009 for Work and Income general enquiries. You can also go to www.workandincome.govt.nz for more information.

Ngā mihi

Jacqui Kime
National Manager Fraud Intervention Services
Ministry of Social Development



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

[Business name]
[Address line 1]
[Address line 2]
[Address line 3]
[Address line 4]

IR number: [000-000-000]

[Date]

Tenā koe [Name],

Thank you for participating in the audit of your wage subsidy application.

As a result of the audit and based on the information that you provided it has been assessed that a repayment of \$[amount] is required.

You can pay this amount by internet banking using the details below:

Account number: 03 0049 0005363 26
Account name: Ministry of Social Development (MSD)
Bank and Branch: Westpac, NZ Government Branch, Wellington
Particular: DBT Covid19
Analysis Code: Business name (first 12 letters)
Reference: [IR number] (no dashes)

If you have any questions regarding this refund, please reply to the email.

If you have questions about other assistance, please phone 0800 40 80 40 for the wage subsidy line or 0800 559 009 for Work and Income general enquiries. You can also go to www.workandincome.govt.nz for more information.

Ngā mihi


Jacqui Kime
National Manager Fraud Intervention Services
Ministry of Social Development



[Business name]
[Address line 1]
[Address line 2]
[Address line 3]
[Address line 4]

IR number: [000-000-000]

[Date]

Tenā koe [Name],

Thanks for letting us know that you would like to repay (some of) the wage subsidy payment you received.

You can repay the \$[amount] by internet banking using the details below:

Account number: 03 0049 0005363 26
Account name: Ministry of Social Development (MSD)
Bank and Branch: Westpac, NZ Government Branch, Wellington
Particular: BSS Covid19
Analysis Code: Business name (first 12 letters)
Reference: [IR number] (no dashes)

If you have any questions regarding this refund, please reply to the email.

If you have questions about other assistance, please phone 0800 40 80 40 for the wage subsidy line or 0800 559 009 for Work and Income general enquiries. You can also go to www.workandincome.govt.nz for more information.

Nāku iti noa, nā

Mark Hodges
National Manager Collections