



16 JUN 2020

Dear [REDACTED]

On 18 May 2020, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information regarding the Wage Subsidy:

1. *How many audits have so far been carried out?*
2. *How many businesses have been asked to pay back the money?*
3. *How much money has been paid back?*
4. *How many businesses have voluntarily paid back the money?*
5. *How many businesses are challenging or opposing the request to pay back the money?*
6. *What is the largest amount that has been paid back – was this voluntary and which businesses was it?*
7. *What is the largest single payout under the wage subsidy scheme?*
8. *Have any fraud charges been laid as a result of the audit?*

On 22 May 2020, you emailed the Ministry refining question seven from “the largest single payout under the Wage Subsidy scheme” to “the top five largest payouts under the Wage Subsidy Scheme”.

I understand that you have already received the information for questions one to four, and question eight, from the Ministry’s media team. I also understand that question six has been answered by the Office of Hon Carmel Sepuloni. This response will therefore address the outstanding aspects of your request – questions five and seven.

The Wage Subsidy scheme has enabled rapid support for thousands of New Zealand businesses during this time of uncertainty and has ensured that employees are able to remain connected with their employers during the COVID-19 lockdown. The scheme was administered under a high-trust model which means there was some reliance on employer honesty and integrity.

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

To identify cases that may require further investigation, the Ministry has an audit process in place. This is led by a team of Fraud Intervention Services staff, with support from Inland Revenue. Random audits are being undertaken, as well as targeted audits based on data mining. If these audits result in adverse findings, the Ministry will pursue these as appropriate. In the most serious cases, where there is evidence of deliberate fraud, the Ministry will consider criminal prosecution.

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Regarding question five, in general terms, the Ministry has not yet received any challenge or opposition from businesses when requests have been made to refund their Wage Subsidy payment, either in part or in full. In some cases, there may be discussions with individual businesses to make sure the details of the amount requested are correct.

Please see Table One below addressing question seven of your request.

Table One: Five largest subsidies paid under the Wage Subsidy Scheme as at 22 May 2020:

Business name and date last paid		Total amount paid
Air New Zealand Limited	April 28, 2020	\$71,096,817.60
Fletcher Building Holdings Limited	April 17, 2020	\$67,683,717.60
The Warehouse Limited	April 6, 2020	\$51,988,574.40
Downer New Zealand Limited	April 3, 2020	\$38,232,218.40
Alliance Group Limited	April 7, 2020	\$34,386,456.00

Please note, businesses that have subsequently refunded the Ministry, and have therefore reduced their total Wage Subsidy payment to the extent that they are no longer in the top five, are not included.

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 to the wider public. The Ministry will do this by publishing this letter 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, 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



George Van Ooyen
General Manager, Client Service Support