



15 FEB 2021

On 12 January 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- 1. Please advise the number of businesses, individuals and any other categories who received the wage subsidy together with the total number of recipients.*
- 2. If the data is easily available, please provide the total numbers and amounts for full repayments and partial repayments for businesses and for individuals and for any other categories together with the total for all of them. Also include for each the median or average repayment.*
- 3. If the total repayments in mid-December were not about \$536,000,000, what was the correct figure then and what is the current total?*
- 4. Please provide the written instructions given to staff on how to decide on which Complaints about the wage subsidy were not to be referred for investigation and which complaints were to be referred for investigation.*
- 5. Please provide the written instructions given to staff regarding accepting or rejecting explanations and excuses about the wage subsidy being wrongly obtained or retained.*
- 6. Please provide the written instructions given to staff regarding what investigations should be referred for prosecution.*
- 7. How many investigations were a result of complaints and how many were randomly selected? What were the total number of investigations?*
- 8. Were all complainants advised of decisions made regarding their complaint and the final outcome?*
- 9. The wage subsidy was described by some people as a high trust model and so applicants were required to agree to have their details made public. If individual applicants agreed to waive their privacy rights in return for receiving the wage subsidy, why have their names and other details not been published?*

For the sake of clarity, I will answer your questions in turn.

- 1. Please advise the number of businesses, individuals and any other categories who received the wage subsidy together with the total number of recipients.*

Your request for this information is refused under section 18(d) of the Act on the basis that the information requested is publicly available. This information can be found in the Latest Income Support Weekly Update releases on the Ministry's website. More information on this can be found at the following link: www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/weekly-reporting/index.html.

- 2. If the data is easily available, please provide the total numbers and amounts for full repayments and partial repayments for businesses and for individuals and for any other categories together with the total for all of them. Also include for each the median or average repayment.*

Please see **Table One** in the attached **Appendix A**, which shows the total number businesses that have repaid the Covid-19 Wage Subsidy, the total amount repaid, the average amount repaid, and the median amount repaid, broken down by whether these businesses repaid in full or in part, as at 31 December 2021.

- 3. If the total repayments in mid-December were not about \$536,000,000, what was the correct figure then and what is the current total?*

This information can also be found in Latest Income Support Weekly Update releases on the Ministry's website. The total Wage Subsidy repayments was \$536.4m, as at 11 December 2020.

- 4. Please provide the written instructions given to staff on how to decide on which Complaints about the wage subsidy were not to be referred for investigation and which complaints were to be referred for investigation.*
- 5. Please provide the written instructions given to staff regarding accepting or rejecting explanations and excuses about the wage subsidy being wrongly obtained or retained.*

Your request for written instructions given to staff regarding which complaints to investigate and accepting or rejecting explanations about the Wage Subsidy being wrongly obtained are refused under section 18(e) of the Act as this information does not exist or, despite reasonable efforts to locate it, cannot be found.

You may find it helpful if we explain the process by which Wage Subsidy complaints are referred for investigation.

The Ministry's team responsible for Wage Subsidy integrity are investigators within the Fraud Intervention Services (FIS) business group. Wage Subsidy complaints are assessed by the FIS point of contact, who then refers them for an audit or investigation based on the level of information received in the complaint. FIS staff are experienced in understanding allegations of fraud and apply this experience in the management of the Wage Subsidy complaints process. For those complaints requiring an audit, the staff member will contact the applicant to discuss the nature of the complaint and confirm their eligibility and adherence to the obligations under the schemes. Where the investigator is not satisfied that entitlement is able to be adequately confirmed, the case may be referred for investigation.

Although written instructions of the type you have requested do not exist, guidance for FIS staff is captured in three key documents, which are updated as required: *The Audit Programme for COVID-19 Payments*, the *COVID - 19 Integrity Audit and Debt*

Refund Desk File and Answering questions about the Wage Subsidies. The Ministry will provide you the copies of these documents in response to your request from 8 December 2020, which is still being compiled.

6. *Please provide the written instructions given to staff regarding what investigations should be referred for prosecution.*

Your request for written instructions given to staff regarding which investigations will be escalated to prosecution is also refused under section 18(e) of the Act as this information does not exist or, despite reasonable efforts to locate it, cannot be found. However, as mentioned in the Ministry's response to you dated 11 December 2020, the Ministry uses the Solicitor-General's Prosecution Guidelines as the main reference point when considering a prosecution for those who retained a welfare benefit or a Wage Subsidy. As a government agency, any criminal prosecution action brought by the Ministry must be in accordance with the 'Test for Prosecution' set out in the Guidelines. You can access the guidelines on the Crown Law website here: www.crownlaw.govt.nz/publications/prosecution-guidelines.

There are two factors considered for the 'Test for Prosecution'. Firstly, a case must meet the requirements of the 'Evidential Test', where the evidence gathered must be sufficient to provide a realistic prospect of gaining a conviction. If the case meets the 'Evidential Test' requirements, the Ministry also applies the 'Public Interest Test' to determine if it is in the public interest to prosecute.

7. *How many investigations were a result of complaints and how many were randomly selected? What were the total number of investigations?*

As at 26 January 2021, 992 cases have been referred for investigation. Of these, 405 cases were initiated following an allegation of Wage Subsidy misuse. The remaining cases referred for investigation were identified through targeted risk analysis or joint analysis with other agencies. Although the Ministry has carried out some random audits, none of these audits resulted in an investigation but some did result in requests for repayment.

8. *Were all complainants advised of decisions made regarding their complaint and the final outcome?*

The Ministry's Implementation Team only acknowledge and respond to general complaints about the Wage Subsidy and the policy behind it. If a complaint cannot be resolved by the Implementation Team, then the complaint would be passed on to FIS staff to progress. As for responding to people who make allegations, there is an automated acknowledgement sent from the Implementation Team's email, advising the allegation was received. However, there is no manual response sent unless the complainant follows up their complaint with the Ministry to see how any audit or investigation was progressing.

9. *The wage subsidy was described by some people as a high trust model and so applicants were required to agree to have their details made public. If individual applicants agreed to waive their privacy rights in return for receiving the wage subsidy, why have their names and other details not been published?*

The Ministry developed an online Wage Subsidy Employer Search tool (search tool) with close involvement from the Privacy Commissioner to ensure compliance with the

Privacy Act 1993. The group the Ministry was particularly concerned about, from a privacy perspective, were sole traders, as the publication of their information on a public register is also the publication of personal information and would reveal that they are personally receiving financial support. The Ministry is conscious that for some, there is stigma around receiving government support.

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
- 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 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 regarding Wage Subsidy repayments and investigations, 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
**Group General Manager, Client Service Support
Service Delivery**

Appendix A

Table One: Total number of businesses that have repaid the Covid-19 Wage Subsidy, the total amount repaid, the average amount repaid, the median amount repaid, broken down by whether they repaid in full or in part, as at 31 December 2020.

	Total number of businesses that have repaid	Total amount repaid	Average amount repaid	Median amount repaid
Repaid in part	12,227	\$277,235,182.56	\$22,674.02	\$4,686.40
Repaid in full	4,208	\$345,399,009.00	\$82,081.51	\$7,029.60
Total	16,435	\$622,634,191.56	\$37,884.65	\$7,029.60

Notes:

- The repayments paid in full are when the total recoveries are equal or greater than what was paid to the business.
- The repayment figures include repayments that were loaded into the COVID-19 Wage Subsidy Scheme to the reporting date. Payments received but not loaded into the system at that date are not shown.
- The above repayment figures include sole trader businesses.