



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

23 November 2021

Dear

On 7 October 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

1. *We are making an OIA request for the outcome of the complaints below.*
2. *Please provide documents or advise that each of the 8 retailers listed below have been requested to provide documentary evidence to verify the following:*
 - (a) *They had a 30% or 40% drop in revenue*
 - (b) *They had no cash reserves and could not get assistance from their bank.*
 - (c) *They gave each employee details of the wage subsidy being requested for that employee and got their consent in writing.*
 - (d) *They informed the Ministry of Social Development within 5 working days if anything changed that affected their eligibility or entitlement to the subsidy.*
 - (e) *They repaid all or part of the subsidy if they were not entitled to retain it.*
3. *Please provide a check sheet or document for each retailer to show whether the documents provided by them verify their compliance with the above eligibility criteria and post payment obligations for each subsidy they received.*
4. *Please provide documents or advise whether repayments have been requested from each of the retailers below who received wage subsidies for employees who ended up working for a week or more at Alert level 1 or 2. The employees would have worked for stores that during these weeks had no significant loss of revenue or had normal or probably above normal revenue so should have advised the MSD within 5 working days.*
5. *Please provide documents to show that the additional issues raised under the names of some retailers below have been properly investigated.*

1. *The Farmers Trading Company Ltd*
2. *Whitcoulls 2011 Ltd*
3. *James Pascoe Ltd*
4. *Hallenstein Brothers Ltd (Hallenstein Glasson Holdings Ltd)*
5. *Glassons Hallenstein (Glasson Holdings Ltd)*
6. *Bunnings Ltd*
7. *Harvey Norman*
8. *Michael Hill Jeweller*

In March 2020, the Government implemented an economic package in response to the COVID-19 pandemic. The package consisted of taxpayer funded subsidies for those who were in business and were either self-employed or employed others and met the eligibility criteria. Subsequently, there were extensions to the package to continue supporting employers in retaining their staff because of the impacts of COVID-19. All payments pursuant to the package and subsequent extensions are collectively referred to as the Wage Subsidy.

The Wage Subsidy was initiated quickly, based on a high trust model, to ensure employers could pay their employees without delay. Where the Wage Subsidy was fraudulently obtained and/or retained where it should not have been, various options may be pursued by the Ministry to seek recovery.

1. We are making an OIA request for the outcome of the complaints below.

I can confirm that the Ministry received one complaint related to the Wage Subsidy for Michael Hill Jeweller, via the Ministry of Business, Innovation and Employment (MBIE), in May 2020. After reviewing the complaint, further investigation was not required.

I can also confirm one complaint was received for James Pascoe Ltd in October 2020, but no review was required as the company had already contacted us from July 2020 to make partial refunds following reconciliation of the staff applied for.

2. Please provide documents or advise that each of the 8 retailers listed below have been requested to provide documentary evidence to verify the following:

- (a) They had a 30% or 40% drop in revenue*
- (b) They had no cash reserves and could not get assistance from their bank.*
- (c) They gave each employee details of the wage subsidy being requested for that employee and got their consent in writing.*
- (d) They informed the Ministry of Social Development within 5 working days if anything changed that affected their eligibility or entitlement to the subsidy.*
- (e) They repaid all or part of the subsidy if they were not entitled to retain it.*

The requirement for applicants to prepare and retain evidence to support their application was expressly updated in the declaration for the March 2021 scheme, and this has continued for the August 2021 scheme. This evidence has been routinely requested as part of integrity checks since March 2021, in line with recommendations made by the Office of the Auditor-General.

I note the employers you are enquiring about are considered large employers (who apply for 80 or more employees) for the Wage Subsidy Scheme. Large employers are subject to additional checks at the application stage (pre-payment checks). For the March 2021 and August 2021 scheme, these pre-payment checks routinely sought documentary evidence to support the application and eligibility for the subsidy applied for. In all cases, this included evidence of the predicted or actual revenue decline criterion for each scheme.

Information regarding whether a specific employer has received either of these subsidies is publicly available. I refer you to the COVID-19 wage subsidies - Employer Search tool which can be found online at the following link: <https://www.msd.govt.nz/about-msd-and-our-work/newsroom/2020/covid-19/covid-19-wage-subsidy-employer-search.html>.

Under section 6(c) of the Act, the Ministry is refusing your request for evidence provided by these employers as recorded through any integrity checks undertaken, including whether the employers had a 30% or 40% drop in revenue (a), had no cash reserves and could not get assistance from their bank (b), informed the relevant employees of their inclusion in a Wage Subsidy application (c), or informed the Ministry within 5 working days if anything changed that affected their eligibility (d). Providing such information may disclose or anticipate details of potential integrity conversations between these employers

and the Ministry and as such, prejudice the maintenance of the law, including the investigation and detection of offences.

I note, however, that the Ministry does not routinely request evidence from employers that they informed the relevant employees of their inclusion in a Wage Subsidy application but may seek to verify this if relevant information is received, for example through the allegations process, that this obligation may not have been met. Similarly, the Ministry does not routinely seek evidence that employers informed the Ministry within 5 working days if anything changed that affected their eligibility (d), as any communications from employers verifying that this criterion was met would already be held by the Ministry.

Your request for evidence provided by employers to the Ministry of repayments made (e) is refused under section 18(e) of the Act as this information does not exist. If employers are asked to make a repayment, they will not be required to provide evidence of the repayment once the repayment has been made. Verification of the repayment is evidenced in the Ministry's systems, and employers may request confirmation that any repayments made have been received by the Ministry. The Ministry confirms repayment has been received and reconciled against previous payments before information for the employer is updated on the Employer Search Tool.

- 3. Please provide a check sheet or document for each retailer to show whether the documents provided by them verify their compliance with the above eligibility criteria and post payment obligations for each subsidy they received.*

Integrity check sheets which include evidence received are withheld under section 6(c) of the Act as making that information available would be likely to prejudice the maintenance of the law, including the prevention, investigation and detection of offences.

- 4. Please provide documents or advise whether repayments have been requested from each of the retailers below who received wage subsidies for employees who ended up working for a week or more at Alert level 1 or 2. The employees would have worked for stores that during these weeks had no significant loss of revenue or had normal or probably above normal revenue so should have advised the MSD within 5 working days.*

Requirements for the Wage Subsidy scheme were based around the need to meet a relevant drop in revenue in order to be eligible. Dependent on the scheme, provisions were also made related to eligibility where alert levels change during the revenue test period. I can advise that no repayments were requested from the listed retailers for the scenario described, for any of the schemes.

Wage Subsidy recipients are obligated to notify the Ministry of changes in circumstance that affect their eligibility. If you would like to make an allegation of Wage Subsidy misuse, an online form can be found at the following link:

<https://www.msd.govt.nz/form/msd/govt/nz/form.req2?requestType=msd-govt-nz-select-form-v1>

- 5. Please provide documents to show that the additional issues raised under the names of some retailers below have been properly investigated.*

- 1. The Farmers Trading Company Ltd*
- 2. Whitcoulls 2011 Ltd*
- 3. James Pascoe Ltd*
- 4. Hallenstein Brothers Ltd (Hallenstein Glasson Holdings Ltd)*
- 5. Glassons Hallenstein (Glasson Holdings Ltd)*
- 6. Bunnings Ltd*
- 7. Harvey Norman*
- 8. Michael Hill Jeweller*

We have interpreted your request for 'additional issues' as referring to the issues raised in parts one to four of your request. Therefore, we believe that the response to the fifth part of your request is covered by our response to parts one to four.

The principles and purposes of the Act 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 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

A handwritten signature in black ink, appearing to read 'George van Ooyen', with a long horizontal flourish extending to the right.

George van Ooyen
Group General Manager
Client Service Support