

Aide-mémoire



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

Meeting

Date: 24 September 2021 **Security Level:** IN CONFIDENCE

For: Hon Grant Robertson, Minister of Finance
Hon Carmel Sepuloni, Minister for Social Development

File Reference: REP/21/9/1032

Update on Wage Subsidy August 2021 pending applications

Update on number of received, approved, and declined Wage Subsidy August 2021 applications

To date, MSD has received approximately 720,000 applications for the Wage Subsidy August 2021 scheme since the scheme went live at 9am on 20 August 2021.

As of September 22, more than 581,000 applications have been approved. This is 43,000 more approved applications than applications the Ministry of Social Development (MSD) received during the last time the country was at Alert Level 4 in March 2020 for the first COVID-19 Wage Subsidy scheme.

The number of applications that are being declined will start to increase in the coming days, this is as a result of the reducing number of pending applications attributed to Wage Subsidy August 2021 #1. These declines are mostly due to the basic integrity checks not being satisfied due to our inability to verify applicants self-employed status with Inland Revenue (IR).

Applicants have 21-days to contact IR or MSD to resolve. Applicants are informed when they are declined that they have the ability to review the decision of decline and the formal channels available.

Both MSD and IR have mobilised significant resource to support applicants through the wage subsidy process.

Approach to resolving Wage Subsidy August 2021 #1 pending applications

Since Wage Subsidy August 2021 #1 went live on 20 August 2021, MSD has been working with IR to resolve cases where information provided by the applicant does not align with information held by IR and/or IR don't have a record of their business activity.

Specific approaches undertaken to date include:

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- Inbound contact centre support at IR to discuss the pending application to achieve an approval. For example, this could include what information has been provided in the application which does not align with information held by IR, checking the self-employed status of the applicant.
 - MSD has undertaken an outbound calling campaign to check the application details with the applicant for those applications that have exception. As a result of this approach, some applications have been updated, others have been confirmed as correct and processed. In a significant number of instances, the application has remained pending – requiring the applicant to contact IR and update their information held.
 - MSD has shared these pending application data files (approximately 33,000 applications as of 22 September 2021) with IR with the purpose of further checking the IR system for further information which might confirm the self-employed status of the applicants, to support an approval if possible. This data assessment revealed a significant number of applicants were not registered as self-employed and need to engage with IR directly. MSD sent emails providing clear instructions on the steps required for the applicant. For example, the type of information IR requires in order to verify their information held.

As at Wednesday 22 September MSD still has approximately 33,000 pending applications. To address these pending applications, the following steps will be taken:

- A further data file will be sent to IR on 24 September for detailed analysis across their system. It is intended the file will initially be matched against IR's self-employed backlog, of which there are approximately 8,000 records as at Wednesday 22nd September. MSD will place any applications in the IR backlog in a held status pending a further update. This ensures we do not disadvantage an applicant trying to verify as self-employed.

IR will inform the self-employed or alternative status of the remaining applications.

Based on the information and IR's recommendations on these pending applications, MSD will; approve applications if all integrity validations have been satisfied through the updated information from IR, or decline applications if IR are still unable to confirm the validity of the applicant's business activity.

All applicants will have had at least 21 days after contact from MSD to validate their information with IR.

Declines will commence approximately 48hrs post receiving the file back from IR. Declines will continue for the next week due to the 21-day timeframe lapsing and we have no further ability to approve IR validation has not been confirmed.

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