



## Wage Subsidy August 2021 - Update

Date: 15 September 2021

Report no.: REP/21/09/988

Security level: IN CONFIDENCE

Priority: Medium

### Action Sought

**Hon Carmel Sepuloni** For Information 15 September 2021  
Minister for Social Development

**Hon Grant Robertson** For Information 15 September 2021  
Minister of Finance

### Contact for telephone discussion

Name	Position	Telephone	1st Contact
George Van Ooyen	Group General Manager, Client Service Support,	04-9136750 0292005462	<input checked="" type="checkbox"/>
Jason Dwen	General Manager, Centralised Services,	04-9178127 0292010196	

Report prepared by: Shaun Coleman, Director Employment

### Minister's office comments

- Noted
- Seen
- Approved
- Needs change
- Withdrawn
- Not seen by Minister
- Overtaken by events
- Referred to (specify)

### Comments

Date received from MSD

Date returned to MSD



# Report

**Date:** 15 September 2021      **Security Level:** IN CONFIDENCE  
**To:** Hon Carmel Sepuloni, Minister for Social Development and Employment  
Hon Grant Robertson, Minister of Finance  
**File Ref:** REP/21/09/988

---

## Wage Subsidy August 2021 - Update

### Purpose

- 1 This report outlines the actions the Ministry of Social Development (MSD) have taken to resolve pending applications from the first round of Wage Subsidy August 2021 while ensuring the integrity settings for the scheme are upheld.

### Recommended actions

It is recommended that you:

- 1 **note** that MSD has received more than 570,000 applications for Wage Subsidy August 2021
- 2 **note** that around 13 percent of applications (around 47,000) from the first round of Wage Subsidy August 2021 applications are pending
- 3 **note** that pending applications are made up of around 21,000 exception applications and around 26,000 suspended applications
- 4 **note** that based on the current plan, MSD aims to have cleared all remaining exception applications by Thursday, 16 September
- 5 **note** that MSD is designing a process to manage the applications which have been suspended including declining the application where MSD has provided the application with every opportunity to update their details with IR
- 6 **note** that MSD will continue to undertake pre-and post-payment checks to uphold the integrity settings of the scheme.

George Van Ooyen, Group General Manager,  
Client Service Support

15/9/21

Date

---

Hon Carmel Sepuloni  
Minister for Social Development and  
Employment

---

Date

## **MSD has received more than 570,000 applications for Wage Subsidy August 2021**

- 2 As at 12 September 2021, MSD has received more than 570,000 applications for the Wage Subsidy August 2021. This exceeds the 540,000 applications received throughout the full 12-week duration of the original Wage Subsidy in March 2020 and highlights the pace required of the MSD team to meet the demand created by the two-week nature of the current scheme(s).
- 3 If the information on the application is accurate and meets the data match with Inland Revenue (IR), payment will be same day or next business day.
- 4 As at 12 September 2021:
  - 89 percent of all paid applications have been paid within three working days
  - 79 percent of all applications completed (paid, approved, closed or declined) have been completed within three working days
  - 71 percent of all applications (including pending) were completed within or have been pending for three working days or less

## **Around 13 per cent of applications for the first round are still to be finalised**

- 5 There are around 13 percent of applications (around 47,000) still to be finalised from the first round of applications. These applications are reflected in the daily reporting as pending applications.
- 6 Pending applications are broadly split into two categories:
  - 21,000 exception applications: an application is the result of a mismatch in information between the application and IR e.g. incorrect IR number, bank account number or the number of employees
  - 26,000 suspended applications: suspended applications are applications MSD has started to process but cannot progress without additional information from the applicant. Key information includes the applicant either having to contact IR to confirm their status e.g. self-employed, or to contact MSD to validate information on their application. This includes less than 140 applications linked to employers with 80+ employees.

## **MSD has implemented strategies to resolve pending applications**

- 7 MSD has partnered with IR to implement strategies to resolve the large quantum of pending applications. These strategies have included:
  - Inbound contact centre support
  - Large data file analysis to determine eligibility and communication approach for some applicants e.g. salary and wage earners.
- 8 For applications that are categorised as an exception, MSD has diverted approximately 400 FTE to an outbound calling campaign which is achieving a 74 percent resolution rate (approved or declined). This campaign requires up to three separate attempts over a period of a few days, to contact the applicant and resolve. Any unresolved applications will be suspended if the applicant has not replied within 14 days.
- 9 On average MSD is making approximately 7,000 outbound calls to applicants, although not all are successful. Additionally, MSD is using Contact Centre technology to create efficiency in the outbound call process e.g. programmed each day by auto dialling.
- 10 Suspended applications cannot be progressed without the applicant providing additional information to IR. Additional information that may be required includes IR number and name of self-employed person, the description of the business/self-employment activity and/or financial documents (bank statements or invoices). These applications are primarily self-employed/sole trader applications.

- 11 There are two key suspension categories:
  - around 20,000 self-employed/sole trader applications who have been contacted by MSD but have not provided information to IR (refer paragraph 12)
  - unsuccessful outbound calling campaign – unresolved applications will be suspended if the applicant has not replied within 14 days (refer paragraph 8)
- 12 IR supplied additional data relating to around 20,000 of self-employed / sole trader applications in the suspended category. MSD have contacted these 20,000 applicants by email and MSD can see 80 percent of these emails have been opened, however there is a low click rate from this email to the IR website. This indicates that applicants are not following MSD's instructions to contact IR. This highlights the importance of upholding the integrity settings of the scheme.
- 13 It should be noted that an application for Wage Subsidy payment 2 will be suspended, until any issues raised in the first round of Wage Subsidy August 2021 have been resolved. Where an application was an exception in Wage Subsidy 1 and subsequently manually approved, then the application for Wage Subsidy payment 2 will be automatically approved.

### **Enhanced Wage Subsidy integrity processes**

- 14 As advised previously, Wage Subsidy integrity processes for the March 2021 and August 2021 schemes were enhanced in line with recommendations made by the Auditor-General. This included the requirement for applicants to prepare and retain evidence that supports their application, including that they have met the revenue decline test. This is requested as part of both pre-and post-payment integrity checks for the scheme. Applicants will be reminded of the requirement to retain and provide this evidence, and additional risk analysis will be conducted between MSD and IR to inform post-payment integrity checks.
- 15 For Wage Subsidy August 2021, IR is providing supplementary training and guidance to their staff dealing with contact from MSD where further verification is required, particularly in relation to self-employed business operators (sole traders), including risks and indicators identified from previous subsidy iterations, and additional validations to ensure there is evidence of self-employed income before endorsement is provided.

### **Next Steps**

- 16 Based on the current plan, MSD aims to have cleared all remaining applications categorised as an exception for Wage Subsidy payment 1 by Thursday, 16 September.
- 17 MSD is designing a process to manage the applications which have been suspended because they are unable to confirm the applicant is self-employed. This process will include declining of the Wage Subsidy application where MSD has provided the applicant with every opportunity to update their self-employment status with IR.
- 18 MSD continues to seek system improvements to application automation rates. This is evidenced by 84 percent automation being achieved in the second round of applications and bodes well for the third round of applications.

Author: Shaun Coleman, Director Employment and Jason Dwen, General Manager  
Centralised Services

Responsible manager: George Van Ooyen, Group General Manager