



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

**23 DEC 2020**

Dear

On 11 November 2020, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

1. *Applicants for the wage subsidy acknowledged in the Declaration they signed that the Ministry of Social Development could amend the Declaration at any time and at its discretion so has consideration been given and decisions made to make any changes to ensure that repayments are made by those who have obtained or retained all or part of the wage subsidy for weeks when their revenue was not reduced by 30% or 40%? Has consideration been given, and decisions made regarding any other changes?*
2. *Has the MSD considered and decided to write to every recipient of the wage subsidy to request them to repay the wage subsidy unless they can provide some or all of the following evidence to show that they are entitled to retain all or part of it:*
  - (a) *Evidence that they complied with the main requirements of the Declaration they signed including that they had no reserves to draw on and could not get assistance from their bank.*
  - (b) *Evidence from their GST returns over six months to show that they had a drop in revenue of 30% (or 40% for the extension) for each of the weeks they received a wage subsidy payment. If they received the 12 week wage subsidy, was their revenue down more than 14% over six months compared to the same period the previous year. If they also received the extension wage subsidy, was their revenue down more than 26% over six months compared to the same period the previous year. (Note: GST Returns have been filed so the figures cannot be fiddled by businesses. The percentages for six months or 26 weeks have been calculated based on a revenue reduction of 30% for 12 weeks and 40% for 8 weeks plus the remaining normal weeks of the 26 week period).*
  - (c) *Evidence in the form of a schedule listing each person for whom the wage subsidy was received, and the number of weeks and the dates involved. Each person to insert and sign details of the number of days they carried out work for the recipient of the wage subsidy between the specified dates.*

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3. *Has consideration been given, and decisions made by the MSD to write to businesses and request those who received normal or above normal revenue in any weeks for which the wage subsidy was received, to repay those weeks?*
4. *Has consideration been given by the MSD to putting repayments of the wage subsidy into a special fund to provide additional assistance for the most pressing social problems facing the country?*
5. *Now that we have provided the MSD and Government with GST figures from the IRD which show that New Zealand businesses were 10% better off in 2020 compared to 2019 and did not suffer increased losses and we have also provided a lot of other supporting information to show that most businesses should make wage subsidy repayments, will consideration be given and decisions made to take any of the above actions?*

For the sake of clarity, your questions will be answered in turn:

1. *Applicants for the wage subsidy acknowledged in the Declaration they signed that the Ministry of Social Development could amend the Declaration at any time and at its discretion so has consideration been given and decisions made to make any changes to ensure that repayments are made by those who have obtained or retained all or part of the wage subsidy for weeks when their revenue was not reduced by 30% or 40%? Has consideration been given, and decisions made regarding any other changes?*

The COVID-19 wage subsidy has enabled rapid support for thousands of New Zealand businesses during this time of uncertainty and has ensured that employees were able to remain connected with their employers during the COVID-19 lockdown. The scheme has been set up on a high-trust model, in order to quickly deliver funds to support workers, families, and businesses.

As part of the wage subsidy application process, businesses were required to sign a declaration that they had met the scheme's eligibility criteria. The declarations are extensive and include an agreement that details in the application may be verified with other agencies, obligations in terms of the use of the subsidy, and consequences of non-compliance.

The Wage Subsidy declarations can be found on the Ministry's website at the following links:

- [www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy.html](http://www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy.html) (for the original Wage Subsidy on or after 4pm 27 March 2020)
- [www.workandincome.govt.nz/online-services/covid-19/wage-subsidy-declaration.html](http://www.workandincome.govt.nz/online-services/covid-19/wage-subsidy-declaration.html) (for the original Wage Subsidy before 4pm 27 March 2020)
- [www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy-extension.html](http://www.workandincome.govt.nz/online-services/covid-19/declaration-wage-subsidy-extension.html)
- [www.workandincome.govt.nz/online-services/covid-19/declaration-resurgence-wage-subsidy.html](http://www.workandincome.govt.nz/online-services/covid-19/declaration-resurgence-wage-subsidy.html)

The initial wage subsidy application period ran from 17 March to 9 June 2020. The wage subsidy extension application period ran from 10 June to 1 September 2020, and the wage subsidy resurgence application period ran for two weeks, from 21 August to 3 September 2020.

As the application periods have ended, the Ministry is not currently considering changing the declaration for these schemes.

2. *Has the MSD considered and decided to write to every recipient of the wage subsidy to request them to repay the wage subsidy unless they can provide some or all of the following evidence to show that they are entitled to retain all or part of it:*
  - (a) *Evidence that they complied with the main requirements of the Declaration they signed including that they had no reserves to draw on and could not get assistance from their bank.*
  - (b) *Evidence from their GST returns over six months to show that they had a drop in revenue of 30% (or 40% for the extension) for each of the weeks they received a wage subsidy payment. If they received the 12 week wage subsidy, was their revenue down more than 14% over six months compared to the same period the previous year. If they also received the extension wage subsidy, was their revenue down more than 26% over six months compared to the same period the previous year. (Note: GST Returns have been filed so the figures cannot be fiddled by businesses. The percentages for six months or 26 weeks have been calculated based on a revenue reduction of 30% for 12 weeks and 40% for 8 weeks plus the remaining normal weeks of the 26 week period).*
  - (c) *Evidence in the form of a schedule listing each person for whom the wage subsidy was received, and the number of weeks and the dates involved. Each person to insert and sign details of the number of days they carried out work for the recipient of the wage subsidy between the specified dates.*
3. *Has consideration been given, and decisions made by the MSD to write to businesses and request those who received normal or above normal revenue in any weeks for which the wage subsidy was received, to repay those weeks?*

There have not been any decisions made by the Ministry to write to businesses and request repayments under the circumstances you outline above. As mentioned earlier, the Wage Subsidy scheme was set up on a high trust model in order to rapidly support thousands of New Zealand businesses during this time of uncertainty. Furthermore, the Ministry's auditing has found that in the vast majority of cases, employers are doing the right thing.

The declarations for each of the respective COVID-19 Wage Subsidies outline the obligations required for an applicant to be entitled to a payment. These obligations can be found in the declarations provided on page one of this response.

4. *Has consideration been given by the MSD to putting repayments of the wage subsidy into a special fund to provide additional assistance for the most pressing social problems facing the country?*

The Ministry would not be able to implement something of this nature. This question is better addressed to the Treasury, given their core responsibilities relating to public finance. You can request official information from the Treasury at the following link: [www.treasury.govt.nz/information-and-services/other-services/information-requests](http://www.treasury.govt.nz/information-and-services/other-services/information-requests).

5. *Now that we have provided the MSD and Government with GST figures from the IRD which show that New Zealand businesses were 10% better off in 2020 compared to 2019 and did not suffer increased losses and we have also provided a lot of other supporting information to show that most businesses should make wage subsidy repayments, will consideration be given and decisions made to take any of the above actions?*

Thank you for taking the time to provide this information to us. This has been passed on to the relevant business units within the Ministry.

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 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](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding wage subsidy decisions and policies, 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](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely



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Service Delivery**