



13 APR 2021

Tēnā koe

On 23 February 2021, you emailed the Ministry of Social Development (the Ministry) following an earlier request, seeking under the Official Information Act 1982 (the Act), the following information:

- *How many of all wage subsidy applications were auto-approved?*

The Wage Subsidy Scheme enabled rapid support for thousands of New Zealand businesses during a time of uncertainty.

The Government made it clear that the Wage Subsidy Scheme was set up on a high-trust model in order to quickly deliver funds to support workers, families and businesses impacted by COVID-19. Over the period the Wage Subsidy Schemes were available, the Ministry processed more than 900,000 Wage Subsidy applications to support 1.7 million jobs.

Not only was the amount of the Wage Subsidy significant, it was set up and implemented at an unprecedented scale and speed. For example, the Ministry received more than 70,000 applications on one day alone during the first two weeks of the Wage Subsidy Scheme.

The focus was getting funding to where it was needed quickly. On average, the Ministry made payments to employers within three and a half days of receiving an application. This was only possible because of the high-trust nature of the approach, and a degree of automation.

The application process for the Wage Subsidy consisted of pre-payment checks where validation of business and employee details with Inland Revenue (IR), and checks across previous Wage Subsidy applications, were carried out before payment could be made.

Where this information was consistent with details held by IR, the application could be "auto approved" by the system. The employer declaration referred to in your previous Official Information Act request response, included consent for these checks to be made.

Where these checks identified missing information or differences, such as where details in the application did not match IR's records, or for large employers, the Ministry and

IR carried out further manual checks. The Ministry also has an integrity check process to identify cases that may require further review.

Using these system checks to support our application process, we were able to manage the high volume of applications and queries from businesses impacted by COVID-19.

The total count of auto-approved applications, as at 30 March 2021, is 427,289 out of a total of all 995,131 applications. All applications include both those approved and declined. This is a total count for all Wage Subsidy applications (original Wage Subsidy, Consolidated Wage Subsidy, Wage Subsidy Extension, and Wage Subsidy Resurgence). The total count does not include COVID-19 Short Term Absence Payment and leave support applications.

This is further broken down to:

- 191,168 auto-approved employer applications out of a total of all 427,390 employer applications (approved and declined), as at 30 March 2021, and
- 236,121 auto-approved sole trader applications out of a total of all 567,741 sole trader applications (approved and declined), as at 30 March 2021.

The Ministry completed pre-payment integrity checks (for large employers and higher risk applications for the Wage Subsidy Extension and Wage Subsidy Resurgence payments) and post-payment integrity reviews. The two processes are the same except the pre-payment check is to decide whether to approve the Wage Subsidy application, whereas the post-payment check is to assess whether the Wage Subsidy was correctly paid.

The Ministry also responds to allegations of Wage Subsidy misuse received through a coordinated complaints process (across the Ministry, Ministry of Business, Innovation and Employment and IR depending on the nature of the complaint), and resolution of these may involve an integrity review or investigation.

The integrity check process considers an applicant's eligibility. These are desk-based checks which can involve reviewing open source information, as well as contacting the applicant to discuss their eligibility, and contacting other agencies to confirm information where relevant.

If a person believes that an employer has acted unlawfully, then they can contact the Ministry and advise on the full circumstance of a matter. The relevant form can be found at the following link, and by choosing Benefit or Wage Subsidy Fraud Allegation in the drop down list: <https://www.workandincome.govt.nz/about-work-and-income/contact-us/report-suspected-fraud/index.html>.

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 and
- 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 regarding how many of all Wage Subsidy applications were auto-approved, 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.

Ngā mihi nui



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