



26 MAR 2021

On 4 January 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- *Can you please provide the number of employers who have made wage subsidy repayments to date (or to a date as recent as practicable), along with a breakdown of the reasons for repayment, i.e. proactive decision by employer, repayment as a consequence of a third party complaint, MSD audit outcome.*
- *Also, how many employers have paid back the wage subsidy because they failed to take "active steps" to mitigate the financial impact of Covid-19, such active steps include drawing on cash reserves, as appropriate, or proactively engaging with a bank (these are examples cited on the Work and Income website).*
- *I also request any correspondence, including emails, advice, and other documentation, concerning MSD's and wage subsidy auditors' ability to require or request that employers return the wage subsidy on the basis that they failed to take active steps to mitigate the financial impact of Covid-19.*

On 15 February 2021, the timeframe of the response was extended to 25 March 2021. This was to allow time for the necessary consultations to take place in order to make a decision on the request.

The Wage Subsidy has enabled rapid support for thousands of New Zealand businesses during this time of uncertainty and has ensured that employees are able to remain connected with their employers during the COVID-19 lockdown.

The Government has previously made it clear that the Wage Subsidy scheme has been set up on a high-trust model, in order to deliver funds to support workers, families and businesses.

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

The declarations for each of the respective COVID-19 Wage Subsidies 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).

For the sake of clarity, I will respond to each part of your request in turn:

- *Can you please provide the number of employers who have made wage subsidy repayments to date (or to a date as recent as practicable), along with a breakdown of the reasons for repayment, i.e. proactive decision by employer, repayment as a consequence of a third party complaint, MSD audit outcome.*

As at Friday 5 March 2021, the Ministry has received 20,973 repayments from the Wage Subsidy Schemes. 18,755 of these repayments were voluntarily initiated by employers or sole traders and 2,218 were requested by the Ministry following an integrity check, allegation or investigation.

- *Also, how many employers have paid back the wage subsidy because they failed to take "active steps" to mitigate the financial impact of Covid-19, such active steps include drawing on cash reserves, as appropriate, or proactively engaging with a bank (these are examples cited on the Work and Income website).*

The Ministry is unable to report on this level of detail. Although some engagements with applicants will have discussed the requirement to take "active steps", and some employers may have volunteered this kind of information to the Ministry, we are unable to provide any specific details. This is because if it is held by the Ministry, it would be held in notes on individual case files. In order to provide you with this information Ministry staff would have to manually review thousands of files. As such I refuse your request under section 18(f) of the Act. The greater public interest is in the effective and efficient administration of the public service.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

- *I also request any correspondence, including emails, advice, and other documentation, concerning MSD's and wage subsidy auditors' ability to require or request that employers return the wage subsidy on the basis that they failed to take active steps to mitigate the financial impact of Covid-19.*

The Ministry has had up to around 100 Fraud Intervention Services staff completing Wage Subsidy integrity checks and responding to cases of potential fraud. There are also additional support staff (i.e. Technical Officers) and Managers involved in this work, as needed.

If during an integrity check it came to light that a business had failed to comply with their obligations under the Wage Subsidy or had ceased to be eligible, the investigator would most likely initiate a full or partial repayment request.

However, it is worth noting that a business's failure to meet their obligations under the Wage Subsidy scheme does not always mean that they sought to intentionally mislead the Ministry. From the integrity work conducted so far, the Ministry has found that in the vast majority of cases, employers are doing the right thing. In many cases where entitlements have been wrongly claimed, it is due to uncertainty about the eligibility criteria, rather than deliberate attempts at deception.

Please find the following documents, which the Ministry has identified as being in scope of this part of your request, enclosed in this response:

- *Answering questions about the Wage Subsidies*, undated
- *COVID-19 Integrity and Debt Refund*, desk file, dated 15 June 2020
- *Audit Programme for COVID-19 Payments*, Audit Sheet, dated 15 June 2020
- *Detailed Settings for the COVID-19 Wage Subsidy*, Joint Report, dated 4 December 2020.

Please note, the Ministry has previously referred to its Wage Subsidy integrity checks as 'audits'. However, these are not considered full technical or financial audits. Rather, it is more accurate to say that the Ministry's undertakes integrity checks that include desk-based reviews of open source public information and contacting the applicants to discuss their applications.

These integrity checks enable the Ministry to request additional information from an employer and to ensure that the employer is meeting their obligations under the Wage Subsidy scheme. Other agencies are also contacted to confirm the information provided is correct. Although full financial records are not usually reviewed as part of this process, these may be requested or reviewed if the case is referred for investigation.

You will note that the names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

Some information is withheld under section 9(2)(f)(iv) of the Act as it is under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.



Please note that some information is withheld under 9(2)(g)(ii) of the Act in order to maintain the effective conduct of public affairs through the protection of such Ministers, members of organisations, officers, and employees from improper pressure or harassment.

Some information is withheld under section 9(2)(k) of the Act in order to prevent the disclosure or use of official information for improper gain or improper advantage.

Please also note that some information, which is not related to your request, has been removed as it is out of scope.

The Ministry could not locate any specific emails that discuss the investigator's ability to require or request that employers return the Wage Subsidy related to the specific criteria given, however guidance for integrity conversations with applicants is contained in the documents enclosed. As such, this part of your request is refused under section 18(e) of the Act as this information does not exist or, despite reasonable efforts to locate it, cannot be found.

The Ministry has also identified the following Cabinet paper to be within scope of your request.

- Cabinet Paper: CAB-20-SUB-0531, *Economic response to future resurgences of COVID-19*, dated March 2021.

However, this document is refused under section 18(d) of the Act as it is publicly available. This information can be found on the Treasury website at the following link: [www.treasury.govt.nz/sites/default/files/2021-03/economic-response-resurgences-covid-19-cab-20-sub-0531.pdf](http://www.treasury.govt.nz/sites/default/files/2021-03/economic-response-resurgences-covid-19-cab-20-sub-0531.pdf).

More information on the legislation and copies of key documents that may be of interest to you are published on the New Zealand Government COVID-19 website at the following link: <https://covid19.govt.nz/updates-and-resources/legislation-and-key-documents/>.

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 and attachments 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 relating to employers paying back money received under the Wage Subsidy scheme, 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

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

George Van Ooyen  
**Group General Manager**  
**Client Service Support**

# Answering questions about the Wage Subsidies

Information to assist with questions about the Wage Subsidy

## Applications for wage subsidies closed

The Wage Subsidy Extension closed at 11.59 pm on 1 September 2020 and the Resurgence Wage Subsidy closed at 11.59pm on 3 September 2020.

These dates were prominent on our website and we highlighted the dates with other agencies and business networks. Unfortunately, if businesses didn't lodge applications before the close-off dates, it's now too late.

Businesses can still apply for the Leave Support Scheme. If they need any other support they can find information on [www.business.govt.nz/covid-19](http://www.business.govt.nz/covid-19)

## Wage subsidy applications for large employers

When talking to a large employer (100+ employees) wanting to apply for a wage subsidy tell them we have a process on our Work and Income website for [COVID-19 Resurgence Wage Subsidy](#).

Large employers can download a CSV file and add their employee information to it, they don't need to use the application form. They're unable to change the format or layout of the file and will need to complete all fields. Let employers know the 'employment type' field is to record whether their employees are **full time** (20 hours or more a week) or **part time** (less than 20 hours a week).

When they have completed their information, they'll need to save the file as a CSV and rename it with their business name.

Employers must agree to the relevant declaration either [COVID-19 Wage Subsidy Extension](#) or [COVID-19 Resurgence Wage Subsidy](#) and when returning the file to us, they need to cut and paste the following text into their email to confirm they agree –

*I confirm that I have read and understood the declaration.*

The file then needs to be sent to us at [COVID19\\_Employer\\_Support@msd.govt.nz](mailto:COVID19_Employer_Support@msd.govt.nz) where it will be processed.

## Auditing

### How does the audit process work?

MSD are undertaking an audit process for some employers and sole traders who have accessed the Wage Subsidy financial assistance available from 17 March 2020. Applicants signed a declaration when applying for the assistance, acknowledging they may be audited. Not every employer will be audited, a specialist team is reviewing applications through targeted and randomised selection. A representative of this team will make contact with employers who have been selected.

### What will an application require if they are audited?

A representative of the audit team will make contact with employers who have been selected to confirm:

- they were eligible,
- if their wage subsidy is being passed on, and
- they understand all of their obligations.

In some cases a request for a repayment will be made if the employer was not entitled to part or all of the subsidy. This process includes a discussion with the applicant, and if false or misleading information was given, the case may progress to an investigation. During an investigation applicants will be asked to provide written information.

### What do businesses need to show they have taken active steps to mitigate the impact of COVID-19 on their business?

When applying for the wage subsidy, companies agree to a declaration which states that: before making your application for the subsidy, you have taken active steps to mitigate the impact of COVID-19 on your business activities (including but not limited to engaging with your bank, drawing on your cash reserves as appropriate, making an insurance claim).

This is aimed at ensuring a company is not applying for the wage subsidy without considering their ability to meet the need from their own resources or through other sources, and has actively explored options to reduce the impact of COVID-19 on the business. Businesses should

be able to identify suitable steps and justify the decisions they've made with regard to using resources before applying for financial assistance through MSD.

**Note** this step does not apply for the COVID-19 Leave Support Scheme.

#### **IR Audit**

If an applicant contacts us and asks why IR has been involved in "auditing" their application/ asking for a request, we can tell them -

"IR are carrying out audits on applications and will make a recommendation to MSD as a result of this. MSD will email you to request a refund if we agree a refund is required"

\*\*\*Cases where applicants have advised IR to have told them to refund money - email to **s9(2)(g)(ii) OIA**

## **Application process**

#### **I've applied and I haven't heard anything yet. Should I make another application?**

No, you shouldn't make another application. It may take a few days for your payment to come through. You can however make an additional application for any of your employees whom you haven't already applied for.

#### **How many times can I apply?**

For each Covid-19 **Wage Subsidy**, businesses can only apply once per employee. It's important to make sure you capture all of your employees in your application form, your application will be processed faster if you include all of your employees and yourself under one application. You can make an additional application for any of your employees whom you haven't already applied for.

#### **Which application should I complete?**

If you're completing the application for more than one person, use the employer application.

If you're self-employed, a sole trader, or contractor and are not completing this application for anyone other than yourself, complete the self-employed application.

#### **What kind of proof do I need to provide?**

When you apply, we ask for your business IR number and contact details, and the names and IR numbers for your employees. We can verify this with other agencies. If we need any more information from you at a later date, someone will contact you.

#### **Do I need to prove I'm experiencing 40% or more loss of revenue before I apply for the Covid-19 Wage Subsidy Extension?**

By agreeing to the [declaration](#) when you submit an application for the COVID-19 Wage Subsidy Extension, you're confirming that your business has experienced at least a 40% loss of actual revenue over a consecutive 30 day period in the 40 days immediately before the date of your application. We won't ask for proof when you apply, but if we need any further information about this at a later date someone will contact you to discuss it.

#### **Do I need to prove I'm experiencing 40% or more loss of revenue before I apply for the Covid-19 Resurgence Wage Subsidy?**

By agreeing to the [declaration](#) when you submit an application for the COVID-19 Resurgence Wage Subsidy, you're confirming that your business has experienced, or expects to experience, at least a 40% loss of revenue for a 14-day period between 12 August to 10 September, compared to a similar period in 2019. We won't ask for proof when you apply, but if we need any further information about this at a later date someone will contact you to discuss it.

#### **How do I know if I qualify if my business has been operating for less than a year OR I have a high growth business?**

When a business has been operating for less than a year or is a high growth firm (eg a business that had a significant increase in revenue), they must compare their revenue against a more recent comparison time period that gives the best estimation of the revenue decline related to COVID-19.

**Resurgence Wage Subsidy Example** 40% loss of revenue attributable to COVID-19 comparing 12 August 2020 – 26 August 2020 to 14 – 28 January 2020 if your business is new and has been operating for 14 days or more.

**Wage Subsidy Extension Example** 40% loss of revenue attributable to COVID-19 comparing 11 May 2020 – 9 June 2020 to 1 – 30 January 2020 if your business is new and has been operating for 60 days or more.

#### **If I need to submit an application for a COVID-19 wage subsidy for my employees, how do I also complete an application for myself?**

If you're an employer and are submitting an application for your employees, you will need to include yourself as an employee of the business in the same application. Businesses can only apply once per employee (including the employer). Your application will be processed faster if you include all of your employees and yourself under one application. You can make an additional application for any of your employees whom you haven't already applied for.

#### **How will I know you've got my application?**

When you submit your application you will see the following message:



## Thank you for submitting your application.

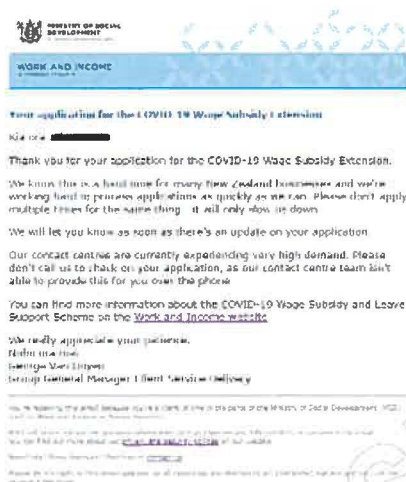
Our staff are under considerable pressure supporting New Zealanders. We are processing and approving applications as quickly as we can, please be patient.

You will get a text and email once the payment is made.

**Note:** Please use your IRD number as your reference number.

[Return to the home page](#) for more information.

You will also receive confirmation to the email address used in your application:



### What happens if my application is declined?

If you don't meet the qualifications for the subsidy, your application will be declined. We will contact you via email if this happens.

### As an employer, what are my obligations under employment law at this time?

Your obligations under employment law haven't changed.

## Multiple applications

**I'm an employee who works full-time for a company that has been impacted by COVID-19, and my employer has applied for a COVID-19 wage subsidy on my behalf. I'm also self-employed part-time. Can I also apply for a part-time COVID-19 wage subsidy using the self-employed application?**

Yes. You can apply for a part-time COVID-19 wage subsidy under the self-employed application, as long as you meet the usual criteria, despite being a named employee on your employer's application.

**I'm an employee who works full-time for a company that has been impacted by COVID-19, and my employer has applied for a COVID-19 wage subsidy on my behalf. I'm also self-employed full-time. Can I also apply for the full-time wage subsidy using the self-employed application?**

Yes. You can apply for the full-time wage subsidy under the self-employed application, as long as you can meet the usual criteria, despite being a named employee on your employer's application.

### What if I have multiple businesses - can I apply for a COVID-19 wage subsidy for more than one?

All businesses that apply must have separate IR numbers.

If all of your businesses use the same IR number, you can only submit one application to cover all of them.

## Payments and repayments

### How quickly will I get the money?

We're working to pay the COVID-19 Wage Subsidy Extension as quickly as we can. If your details aren't up to date with IR or you've filled out the application form incorrectly, this may take longer.

**What happens if an employer calls advising they've had notification their subsidy has been paid but they still don't have the money in their account?**

Payment should be made into an account within 5 business days of MSD processing their application. In some cases, there have been payments returned to MSD due to incorrect bank account numbers being provided in application forms. A dedicated MSD team will be in contact with you if your payment is one of these to discuss. To help this team CSR's should:

- ask the employer for their correct bank account details, and
- IR number, and
- email this through to s9(2)(g)(ii) OIA

**Please note:** once the team have this information and process the payment it should in the correct account within five business days of MSD processing their application.

**An employer is calling who thinks they have added a valid, but incorrect bank account (i.e. someone else's bank account) in error on their application?**

If the application hasn't been approved and paid, get the correct details from the employer and update this on their application. If you don't have the ability to update these details, escalate to your designated support person to help. If the application has already been approved you will need to:

- ask the employer for their correct bank account details, and
- IR number, and
- email them through to s9(2)(g)(ii) OIA

Once we have these details we will make the payment to the correct account. **Please note:** payment should be made into an account within 5 business days of MSD processing their application.

MSD have a dedicated team who will attempt to trace the initial payment and have the funds returned.

**When employers/sole traders have to repay a subsidy**

You can direct the employer or sole trader to the [online form](#) or you can do it for them through a manual S2P task under "COVID Repayments". This is preferable to our usual process of emailing the overpayments team.

**Employer thinks they've been overpaid. What happens next?**

Employer advises they:

- applied for a leave subsidy instead of a wage subsidy
- applied as a sole trader and an employer and got paid for both
- since applying some staff may have been let go
- applied twice incorrectly and were paid twice
- thinks they may have received someone else's subsidy in error

In these examples you should:

- thank them for letting us know
- refer them to the [repayments process](#) on our website
- ask them to complete a [repayment request](#) form

**Employers applying for Wage Subsidy Extension in error, thinking it was the Resurgence Wage Subsidy**

When you have confirmed the applicant applied for and received Wage Subsidy Extension in error but were wanting to apply for Resurgence Wage Subsidy, advise the applicant to apply for Resurgence Wage Subsidy straight away, but let them know this will result in a declined application until their refund is received.

This information is to be emailed to s9(2)(g)(ii) OIA. This will be collated, and repayment letters will be sent for the incorrect subsidy to be refunded.

## Employers

**Can employees apply?**

Your employer is the only one who can apply for a COVID-19 wage subsidy. If you have any questions about your pay, you need to talk to your employer.

**Who can apply?**

If you're an employer, contractor, sole trader or self-employed, you may qualify to get a COVID-19 wage subsidy or Leave Support Scheme payment. Your businesses need to be registered and operating in New Zealand, and your employees need to be legally working in New Zealand. There's more information on the [Work and Income](#) website.

**My staff aren't comfortable sharing their information. What can I do?**

You will only be able to submit an application for your employee if they're ok with that. You need to confirm their consent so we can check their information with other agencies.

**Do I need to prove my staff can't work from home?**



By agreeing to the declaration when you submit an application for the Leave Support Scheme, you're confirming that your staff aren't able to work from home and are in one of the [affected groups](#). We won't ask for proof of this when you apply, but we may contact you to make sure you are applying for the right support.

**I already applied for a COVID-19 wage subsidy, but only for some of my employees. Can I make another application for my remaining employees?**

Yes. You can make an additional application for any of your employees whom you haven't already applied for.

**I'm currently receiving a Flexi-Wage, Mana in Mahi or Apprenticeship Boost subsidy for my employee(s). Can I also apply for a COVID-19 wage subsidy?**

The COVID-19 wage subsidies are available on top of the Flexi-Wage or Mana in Mahi subsidy that you are already receiving for your employee(s). If you are receiving Apprenticeship Boost you can receive the Resurgence Wage Subsidy and Leave Support Scheme, but not the Wage Subsidy Extension. All wage subsidies that you receive must be paid to your employees.

**I haven't applied for a COVID-19 wage subsidy for any of my employees. Is it too late to make an application?**

You can still apply for the COVID-19 Wage Subsidy Extension until 11.59pm 1st September 2020. Applications for the Resurgence Wage Subsidy will be open from 1pm Friday 21st August until 11.59pm 3rd September 2020.

**As an employer or self-employed person, what active steps do I have to take to mitigate the impact of COVID-19?**

You must take active steps to mitigate the financial impact of COVID-19 on your business before you apply for a COVID-19 Wage Subsidy.

This could include:

- activating your business continuity plan
- drawing on your cash reserves (as appropriate)
- making an insurance claim
- proactively engaging with your bank
- seeking advice from the Chamber of Commerce, a relevant industry association or the Regional Business Partner programme.

**Privacy Act requests relating to COVID-19 wage subsidies**

You should talk to your employer in the first instance if they've received the a COVID-19 wage subsidy, but you're not being paid or you think your pay is wrong or you have questions about how the subsidy is being applied to you. If you can't find out from your employer whether you were included in their application, we can tell you if you were listed. We can only provide this information in response to completion of a [form](#). Other requests for information relating to the COVID-19 wage subsidies can be sent to [PrivacyOfficer@msd.govt.nz](mailto:PrivacyOfficer@msd.govt.nz)

## Employer obligations

**What are my obligations under employment law at this time?**

Your obligations under employment law haven't changed.

**How much am I obliged to pay the employees named in my application for a COVID 19 wage subsidy if they are not working?**

Regular employment law applies to all employment relationships - regardless of the circumstances that we find ourselves in. This includes anything that has been agreed to in your employment agreement (including how you pay your employees).

The impact of COVID-19 means that the hours staff work may have to change. That can only be done in accordance with the usual employment law rules. If you have questions or concerns about your employment obligations you can contact Employment New Zealand for advice. If you are receiving a COVID-19 wage subsidy, you must:

- Try your hardest to pay staff at least 80% of their usual wages;
- If that isn't possible, pay at least the rate of the subsidy that applies to that employee
- If the employee's usual wages are lower than the rate of the subsidy, continue paying that amount for the duration of the subsidy. Any surplus amount must be used for the wages of other staff or returned to MSD.

**I had to let some of my employees go because of COVID-19. Can I rehire them and get the COVID-19 Subsidy to help pay them?**

Yes, the subsidy can be used for new employees as well as re-hiring former staff.

**If one of my employees who I have made an application for, voluntarily leaves during the subsidy period, do I need to pay the money back to MSD?**

No – where your employee voluntarily leaves their employment you must advise MSD, and you cannot claim any more subsidy for that person. You do not have to repay the subsidy already paid, but you must use the balance towards topping up the wages of other affected employees. If you have no other employees, or your other employees are already being paid their normal wages, you must let us know and return the remaining subsidy amount to MSD.

**What happens if I make my employee redundant during this time?**

Your obligations state you should retain your employees you're currently receiving a COVID-19 wage subsidy for. If you have to make an employee [redundant](#) during the subsidy period, you can use the subsidy to pay out any notice period. However, any remaining must cannot be used to pay other staff – you must advise MSD and repay the remaining subsidy amount to MSD.

**What happens if I dismiss my employee during this time?**



If you dismiss your employee no more subsidy can be claimed for that person. You do not have to repay the subsidy already paid, but you must use the balance towards topping up the wages of other affected employees. If you have no other employees, or your other employees are already being paid their normal wages, you must let us know and return the remaining subsidy amount to MSD.

## Employee concerns

### **I have a complaint about how my employer has paid me**

If you have a complaint because you think your employer is breaching any of their minimum employment obligations to you, you can contact Employment New Zealand by calling 0800 20 90 20 or via email at [info@employment.govt.nz](mailto:info@employment.govt.nz)

## Contractors and Self Employed people

### **I'm a contractor, can I apply for a COVID-19 wage subsidy?**

Yes - contractors can apply for a COVID-19 wage subsidy using the 'self-employed' application, provided you meet the criteria.

### **I'm self-employed, can I apply for the wage subsidy?**

Self-employed people who are legally working in New Zealand are eligible for the payment. Please check the Work and Income [website](#) for details.

## Shareholders

### **I'm a shareholder in a business, can I apply for a Covid-19 Wage Subsidy?**

If you work for the business and you are paid a wage, salary or draw an income for the work you do for the business, you can apply for the wage subsidy.

If your business is new and has been operating for:

- 14 days or more for the Resurgence Wage Subsidy or
- 60 days or more for the Wage Subsidy Extension

but you have not yet been paid a wage, salary or drawn an income, you can still apply for the wage subsidy.

### **I work for a business where there are multiple shareholders, how do I apply for a Covid-19 wage subsidy?**

The business you work for should make one application for all of its employees and shareholders who work for the business and are paid a wage, salary or draw an income for that work they do.

### **Which form do I use?**

You can use the 'employer' form and the other shareholders if they are paid a wage, salary or draw an income for the work they do for the business, need to have their details entered into the employee section of the form.

## Partnerships

### **My business operates in a partnership, can I apply for a Covid-19 Wage Subsidy? Which form do I use?**

If each partner that works for the business is paid a wage, salary or draws an income for the work they do, you can apply for the wage subsidy. If your partnership is new and has been operating for 14 days or more but you have not yet been paid a wage, salary or drawn an income, you can still apply for the wage subsidy.

One partner must apply on behalf of the other partner(s) using the 'employer' form and using the other partners as named employees.

## Charities

### **I'm an employer of a registered charity, incorporated society, non-government organisation, or post settlement governance entity.**

#### **Can I apply for the Covid-19 Wage Subsidy for my employees?**

Yes, you can apply for the wage subsidy if your business has been adversely affected as a result of COVID-19 and you are struggling to retain your employees. Charities, NGOs and post-settlement governance entities still need to meet all the qualification criteria, including the revenue test.

### **I'm an employer of a registered charity, incorporated society, non-government organisation, or post settlement governance entity.**

#### **Can I apply for the Leave Support Scheme for my employees?**

Yes, you can apply for the Leave Support Scheme if your employees are required to self-isolate because of [Ministry of Health Guidelines](#) and cannot work from home. Your employees must be unable to work **and**:

- have COVID-19 or have had contact with someone who does and are self-isolating; or
- are in a category of people at most risk from contracting COVID-19; or
- live with someone who is in a category of people at most risk from contracting COVID-19.

## Tax questions

**As an employer, do I have to pay GST on a COVID-19 wage subsidy I receive for an employee?**

No - You don't have to pay GST on a COVID-19 wage subsidy.

**As an employer, do I have to pay income tax on a COVID-19 wage subsidy I receive for an employee?**

No - for most businesses, the COVID-19 wage subsidies are classified as "excluded income" for income tax purposes. You don't get an income tax deduction for the wages you pay using a COVID-19 wage subsidy. You still need to make the usual PAYE deductions when you pass it onto your employee.

**Does an employee need to pay tax on a wage subsidy payment?**

Yes, they will as the subsidy is paid to the employer as part of their normal wages. This means it is subject to the usual PAYE, Student Loan, KiwiSaver deductions, etc.

**As a self-employed person do I need to pay income tax on the Wage Subsidy I receive?**

Yes - If you are self-employed, you need to pay income tax on the COVID-19 wage subsidy you receive from MSD as it is a payment to replace a loss of earnings.

**As an employer I'm receiving the Leave Support Scheme on behalf of an employee because they're in self-isolation. Do I have to pay GST?**

No - it will be treated as exempt from GST.

**I'm self-employed and in self-isolation. Do I have to pay tax if I receive Leave Support Scheme?**

This payment will be treated as income for tax purposes.

**I'm an employee and in self-isolation. Do I have to pay tax if I receive Leave Support Scheme?**

The Leave Support Scheme will be paid to your employer, and you will receive it like normal wages. This means it's subject to the usual PAYE, Student Loan, KiwiSaver deductions, etc.

## **Leave Support Scheme available from 28 April 2020**

**If your employee is diagnosed with COVID-19, do they have to use their accrued sick leave before they are eligible for the COVID-19 Leave Support Scheme?**

Employees do not need to use their sick or annual leave entitlement before you can apply for the COVID-19 Leave Support Scheme - it can be applied for right away. You can have a conversation with your employee about whether they would prefer to use any accrued sick or annual leave first, rather than the COVID-19 Leave Support Scheme as there may be cases where the employee would receive more through their own sick leave than the COVID-19 payment.

**As an employer I've already received the Leave Support Scheme for an employee. Am I now able to apply for the COVID 19-Wage Subsidy for this employee?**

The Leave Payment only covers 28 days for self-isolation. After the 28 days, you can apply for a COVID-19 wage subsidy for that employee, as long as you meet the criteria for the payment.

**Do I have to have a decline in revenue to get the Leave Support Scheme for my employees?**

From 1pm on 21 August 2020, there is no revenue test for the Leave Support Scheme. You must still meet the other criteria - see the [Work and Income](#) website for more detail.

# COVID - 19 Integrity Audit and Debt refund



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## Wage Subsidy and Leave Payments

1. The Government's Wage Subsidy Scheme and Leave Payments has been established to support employees to support New Zealanders and their jobs from the global impact of Covid-19, this commenced 17 March 2020. Wage Subsidy was capped at \$150,000 per employer. From 4pm 27 March 2020, the wage subsidy (cap) was lifted and leave payments stopped being available. These payments are administered by MSD.

### Wage Subsidy

2. The wage subsidy is available to all businesses and their staff to maintain an employment connection and ensure an income for affected employees, even if the employee is unable to actually work any hours.
3. The Wage Subsidy Scheme:
  - supports **employers** adversely affected by COVID-19, so that they can continue to pay their employees, and
  - supports **workers** to ensure they continue to receive an income, and stay connected to their employer, even if they are unable to work.
4. The Wage Subsidy Scheme is available to all businesses (including the self-employed, contractors and sole traders), registered charities, incorporated societies and post settlement governance entities, that are adversely affected by COVID-19. It is also available to employers who recently let employees go because of COVID-19, provided they re-hire those employees.
5. The scheme excludes state sector organisations.  
To qualify:
  - their business is registered and operating in New Zealand
  - their employees are legally working in New Zealand
  - the business has experienced a minimum 30% decline in actual or predicted revenue over the period of a month, when compared with the same month last year, and that decline is related to COVID-19
  - their business has taken active steps to mitigate the impact of COVID-19
  - they must retain the employees named in the application for the period of the subsidy.
6. For more information on the Wage Subsidy, please click on this [link](#).



## Leave Payments

7. Self-isolation is an important way to slow the spread of COVID-19. From 17 March 2020 the COVID-19 Leave Payment will be available to support people financially if they:
  - need to self-isolate (as determined by the [Ministry of Health guidelines](#)),
  - cannot work because they are sick with COVID-19, or
  - cannot work because they are caring for dependents who are required to self-isolate or are sick with COVID-19
8. Employers must pass on the payment to their employees in full.

**From 4pm on 27 March 2020, the COVID-19 Leave Payment is no longer available for employers. Applications already submitted will continue to be processed and paid. For more information on the Leave Payment, please click on this [link](#).**

## Essential Workers Leave Support from 6 April 2020

9. From 6 April 2020, the Government introduced the Essential Workers Leave Support (EWLS) payment.
10. The EWLS is available for essential businesses to pay their employees who can't work.
11. This means their essential workers:
  - can't come into work because Ministry of Health guidelines, recommend they stay at home, and
  - can't work from home.
12. To qualify, they must be an essential business who's not a state sector organisation and have essential service workers who either:
  - are at higher risk if they get COVID-19, and [Ministry of Health guidelines](#) recommend they stay at home while we're in lockdown (and potentially longer)
  - come into contact with someone who has COVID-19 and must self-isolate for 14 days (as required by [Ministry of Health guidelines](#))
  - have tested positive for COVID-19 and are required to remain off work until they've been cleared by a health professional to be released from self-isolation, or
  - have household members who are at [higher risk if they get COVID-19](#) and Ministry of Health recommend the worker also remains at home to reduce the risk to them.
13. The essential business must also have either:
  - experienced a minimum 30 per cent decline in actual or predicted revenue over the period of a month when compared to the same month last year, or a reasonably equivalent month for a business operating less than a year, and that revenue loss is attributable to the COVID-19 outbreak; or
  - had your ability to financially support your employee due to the COVID-19 public health restrictions negatively impacted. For example, the cost of paying for your employees' leave and paying for replacement staff is significant.

14. Please note that an employer can't receive both Covid-19 payments (Wage Subsidy and EWLS) for the same employee at the same time.

15. For more information on the EWLS, please click on this [link](#).

## Wage Subsidy Scheme Declaration

16. When applying for Wage Subsidy, applicants declared that they met the eligibility criteria and acknowledged their obligations to use the subsidy to retain and pay their employees.

17. On 27 March 2020, the declaration acknowledged by employers changed from [before 4pm on 27 March 2020](#) to the current declaration [on or after 4pm on 27 March 2020](#).

## Employer Obligations

On 27 March 2020 the employer obligations were specified in more detail. Their obligations include: Link to webpage [here](#)

### Obligations

- meet the eligibility criteria for the subsidy:
- your business is registered and operating in New Zealand; and
- the employees named in your application are legally employed in New Zealand; and
- your business has experienced a minimum 30% decline in actual or predicted revenue:
  - over the period of any month from January 2020 through to the end of this scheme when compared to the same month last year, or a reasonably equivalent month for any business operating less than a year; and
  - that loss is attributable to the COVID-19 outbreak; and
  - your business has taken active steps to mitigate the impact of COVID-19 on their business activities (such as engaged with your bank, Chamber of Commerce, industry association or the Regional Business Partner programme);

### Your business agrees

- you will, using best endeavours, retain the employees named in your application in employment on at least 80 percent of their regular income for the period of the subsidy



- you will notify the Ministry of Social Development if anything changes that may affect your eligibility
- have discussed this application with the employees named in your application and that they have consented (in writing, if practicable) to the information about them in the application being:

You understand that your information is:

- provided to the Ministry of Social Development; and
- used by the Ministry of Social Development to make decisions about your application and to audit and review any subsidy that is granted; and
- shared by the Ministry of Social Development with other agencies to the extent required by MSD, its staff and auditors to make decisions about your application and to audit and review any subsidy that is granted
- will provide the Ministry of Social Development with information about you, your business or (with their consent) your employees to the extent required by the Ministry of Social Development, its staff or auditors to make decisions about your application and to audit and review any subsidy that is granted
- given consent to the Ministry of Social Development to share information provided in this application about you or your business with other agencies to the extent necessary to make decisions about your application and to audit and review any subsidy that is granted
- given consent to us publishing basic identifying information about your business and the level and duration of any subsidy provided to you (excluding any personal information about your employees) on a publicly accessible register

You also :

- acknowledge and agree all of the information you have provided to us is true and correct

Agree to repay any subsidy made to you if you:

- were not or stop being entitled to the subsidy
- provided false or misleading information in your application;
- received business interruption insurance

- acknowledge if you have provided false or misleading information, or receive any subsidy or payment that you were not entitled to receive, you may be subject to an investigation including for offences under the Crimes Act 1961
- acknowledge that this declaration forms part of your application
- acknowledge that the Ministry of Social Development may amend this agreement at any time and at their discretion.

## MSD Business Process

18. MSD established business processes in relation to the processing actions and payment of the Wage Subsidy Scheme. Please click on this [link](#) for guidance on processing actions and this [link](#) for answering questions about the wage subsidy.
19. The [Emergency Employment Support \(EES\) portal](#) allows staff to search for and view applications made as part of the Wage Subsidy Scheme.

## Pre-Payment Audit and Processing

20. On 30 March 2020 a pre-payment audit process for applications from an employer with more than 80 employees commenced.

### Allocation of Applications -

#### Large Employer

21. These applications are allocated to Fraud Intervention Services staff directly by the Programme Manager Fraud Services.

#### 80+ Employees

22. All applications received record more than 80 employees, are identified and placed into a separate queue within the S2P system for allocation. These applications are allocated to Fraud Intervention Services staff for processing.

## Post-Payment Random and Target Audits

23. On 25 March 2020 a post payment audit programme commenced. Both random and targeted audits were established to inform the potential risk of fraud associated with wage subsidies.

24. A small sample of audits were commenced because it was noted that:

s9(2)(k) OIA

Calls from employees were received, stating their employer was not passing on the subsidy



- Employers voluntarily contacted the Ministry to advise they had applied and no longer required it, or they thought they did qualify when they applied but now don't think they do
25. From 25 March 2020, integrity audits commenced and a random sample of sole-trader/self-employed applications were selected.
26. Separate target audits commenced on 26 March 2020 s9(2)(k) OIA
27. It is expected that the audit selection criteria will be fluid and in some instance be subjected to rapid change.

## Allocation of Applications

28. The Intelligence Unit will provide a spreadsheet containing audit data (random samples or target groups) to designated Fraud Intervention Services managers. Staff will then be allocated work and directly advised of the allocation.

## Process Steps for pre-payment and post-payment audits

### Step 1 - Search for all other Applications (All)

29. Search through the EES portal to locate any other applications that have been applied for by the applicant. As you find these, make a note in the comments field. This comment should read "INTEGRITY AUDIT" "YOUR NAME". Complete this on every application before you start.
30. If you find that an existing integrity audit note has been entered into EES, (*prepayment audit only*) please contact the staff member who added that note before you start as they may be already working on the application.
31. Decide who will continue to action this, as only one person should conduct the pre-payment audit and this should include dealing with every application that the employer has made.
32. If you are doing an allegation audit your comment will read 'ALLEGATION AUDIT' 'YOUR NAME'.

### Step 2 - Desk Based Review (All)

33. A desk-based review will help determine if they are a real business, if they are operating in New Zealand, if they were operating prior to the event.
34. These reviews concentrate on searching publicly available information (e.g. Google, Social Media, Companies Office etc).
35. There are number of other publicly available open source searches that you can do which are detailed within your audit form.

38. If this is a well-known employer/business in New Zealand the desk-based review does not need to be extensive.

39. Please remember to record what publicly available and MSD system checks you completed in your audit form.

### **Step 3 – Contact Informant (Allegation Audit)**

40. If you are conducting an allegation audit, check IMS to see if there are contact details listed for the informant. If so, contact the informant to check on the current situation (it may have been resolved).

41. Search IMS to confirm any previous fraud activity that the applicant may have with the Ministry.

### **Step 4 – Contact Employer (All)**

42. Please note that prior to 7 April 2020, no contact was made with the applicant if the desk-based review had a positive outcome.

43. From 7 April 2020, all audits will have a component of having to contact the applicant as detailed below.

44. You will contact the applicant to discuss their application. If you are reviewing an employer application, you may need to talk to a manager or senior leader in the company to understand if they are meeting their obligations and qualified for the Wage Subsidy payment.

45. If you are conducting a target audit, you are contacting the applicant based on a discrepancy that has been identified. Your discussion with the applicant will cover what is detailed below but will also focus on the specific discrepancy.

46. This part of the audit allows you to check everything with the applicant, including:

- Their eligibility
- That they are a real business
- That the business was / is operating
- A reconciliation of their employee numbers (if they are an employer)
- That the subsidy has been passed onto the employee (if they are an employer)
- That they are meeting their obligations

More detailed questions will include but not limited to:

- Tell me about your business
- Describe your business
- Have you experienced a 30% decline in revenue
- Is the loss attributed to COVID-19
- What actions have they taken to mitigate any decline in revenue



- How do you operate
  - How do you advertise for business
  - How do your clients contact you
  - Who is your client base
  - How do you go about building your business
47. If your applicant is a beneficiary and there is a discrepancy surrounding them receiving wage subsidy and benefit payments, also discuss the following:
- What welfare assistance payments are they currently receiving
  - What are their obligations to advise the Ministry of changes in their circumstances
  - Have they advised the Ministry of their employment/self-employment
  - What income from employment/self-employment are they declaring to the Ministry
  - What changes do we now need to make to their welfare payments (benefit or public housing)
48. For more guidance on what a 30% revenue decline means, please click on this [link](#) and refer to the 'Don't know if your business has had a 30% revenue decline' section.
49. If talking to a business with employees, discuss the following and **check** if the information they are providing matches what they advised in their application:
- What number of employees were claimed for
  - What is the nature of the employment for the employees (e.g. full time, part time, casual, contract)
  - Has the subsidy been passed on to all employees included in the application and how have they done this
  - Confirm if they make / have made staff redundant they will have to pay back
  - Are all of your employees legally employed in New Zealand
  - How many/have you spoken to every employee you are applying for
  - Have they all agreed that you could apply for the subsidy for them
  - What are you doing to retain your employees named in your application
  - How are you paying your employees
  - If they make staff redundant that the subsidy applies to, they will be required to refund the subsidy relating to those employees
  - Advise them that as part of the audit we will be contacting a sample of their employees that subsidies were applied for to:
    - Check on them
    - Confirm they are aware that the subsidy has been applied for
    - Confirm that they are receiving wages or wage subsidy
50. You could also over all other obligations/information such as:
- Are you aware that we will share information you have provided with other agencies about your business
  - Do acknowledge that the information you have provided is true and correct
  - Acknowledge that you will have to repay any subsidy that you were not, or stop being entitled to.
51. If you are having trouble making contact with the applicant, try contacting them using various methods (phone, text message and email) over a period of three days. If you still cannot make contact, please write thorough notes in your audit form and select the 'Requires Follow Up' outcome.



## Step 5 - Contacting IR, MBIE and DIA

52. As part of the audit and investigation process, it may be necessary to contact IR. A dedicated group in IR will manage MSD enquiries for Pre and post-payment audits. All other IR information requests will be actioned through a central point s9(2)(a) OIA for random and target audits (where designated IR contacts are not in place), and s9(2)(a) OIA for allegation audits. We are not to make individual requests to IR.
53. Information sought must pertain solely to an application for a wage subsidy. We cannot share information that does not relate to a wage subsidy nor can we share information regarding a client's benefit entitlement. **Refer appendix B.**
54. As part of the investigation process, it may be necessary to contact MBIE. A request for information can be made via email to s9(2)(a) OIA
55. As part of the investigation process, it may be necessary to contact DIA. Could the requests be directed to s9(2)(g)(ii) OIA. The requests must state that they are related to the wage subsidy scheme and include at least the full name and date of birth and describe the authority in which you're making the request.

## Step 6 - Check Information (Pre-payment only)

56. This part of the audit allows you to make sure you have all the information you need to decide on the outcome of this application.

Consider the following:

- Have you completed the relevant desk-based review checks
- Do you have a thorough understanding of the applicant's business
- Do you understand how the business has experienced a 30% decline in business
- Did the applicant meet the qualifications to receive the Wage Subsidy
- Is the applicant aware of and meeting their obligations
- Are you satisfied with what the applicant has told you

57. If you have conducted a pre-payment audit, check whether the number of employees reconcile with the original application. If you need to reconcile the names of employees not included in the original claim, ensure you use the excel spreadsheet template sent to you – using this spreadsheet ensures the code that has been written can be used to quickly return this data to you.

Email this information to s9(2)(a) OIA; This process will change when developed by iMSD.

In the email to s9(2)(a) OIA you need to include:

- Business name and IR number: (critical)
- Claim numbers:
- Attach spreadsheet: You need to manually add the staff list to this spreadsheet

The email subject line must read: Extra staff check required, IR number (Business IR number).

### Step 7 - Contacting Employees (Post payment and allegation)

58. As part of the audit process, it may be necessary to contact a sample selection of employees that have been listed in the employer application. This process is to ensure that the employee is aware of the Wage Subsidy application and that the employer is meeting their obligations.
59. If you are conducting a target audit, there may be situations where you will need to contact specific employees to clarify a set of circumstances.
60. s9(2)(k) OIA [REDACTED]  
IR may have some contact details you could ask our liaison person to request this.

### Step 8 - Decision on Application (All)

61. You will now be in a position to make a determination on the outcome of this application.
62. For a pre-payment audit, a number of decisions could be made:
- Approve – approve the payment in full
  - Partially approved – approve part of the payment requested
  - Decline – decline the full payment
  - Undecided – Summarise your audit form and discuss this with your manager. Your manager may need to seek clarification if they are also undecided
63. For a post-payment audit (**excluding allegation audit**), apply the following outcomes:
- Met – you are satisfied with the outcome of the application and the applicant has met all the requirements and qualifications for the Wage Subsidy payment.
  - Not Met – you are not satisfied with the outcome of the application and the applicant has not met some or all of the requirements and qualifications for the Wage Subsidy payment.
  - Requires Follow Up – there are specific concerns/circumstances that cannot allow you to decide on the application outcome.
64. It is important to record full notes in your audit form as to how you have arrived at your decision.
65. If you are auditing an applicant who is a beneficiary and you have identified a discrepancy in their welfare payments, you are expected to follow this through and have their payments adjusted and FACE assessed. If there is entitlement to Non-Beneficiary assistance, you must ensure you obtain written confirmation to do this from the client which outlines what their new income details are and confirming their costs are unchanged – an email or Personal Details form is sufficient. Refer to Appendix A for information as to whether an overpayment should be created.
66. Send an email to s9(2)(g)(ii) OIA [REDACTED]. The email title should be 'COVID-19 (Integrity Audit Benefit Review Required'.
- Email body in this format – do not send your audit sheet:
- Client Name:
  - Client SWN:
  - EES Application Number:



- Benefit Adjustment Required:
- Reason for Benefit Adjustment:

## Step 9 – Repayment Required

67. A post-payment audit may result in an applicant having to refund all or part of the subsidy received.
68. If this is the case, gather and record all of your discussion and decision that relates to the refund and advise them that they need to refund the amount and why. Confirm that they will receive correspondence by email describing how they can make this repayment.
69. To commence the repayment process, please go to S2P, click on Add Processing and scroll down to COVID Repayments. You will see the link for the Audit of Wage Subsidy Repayment Request, as shown below. (The other link is for voluntary repayment requests.)

COVID Repayments

[Audit of Wage Subsidy Repayment Request](#)

[Wage Subsidy Repayment Request](#)

70. Select Integrity Audit or Allegation Audit then fill in the following details:
- Business name used on application
  - Business IR number (no dashes)
  - NZBN if held
  - Contact first name
  - Contact surname
  - Contact email address (which will be used to email the letter to them)
  - Postal address
71. There are several reasons for the repayment, so select as many as appropriate but ensure that you also select one of the following:
- Fails to meet obligations about how to use the subsidy
  - Was not entitled to or stopped being eligible for the subsidy (or part of)
  - Provided false or misleading information
  - Received insurance for any cost covered by the subsidy.
72. Then enter the amount to be repaid.
73. There is also an 'Additional Notes' box if you want to add some additional notes for the repayments team.
74. Note the comments field in EES that you have requested a repayment and the reason you are requesting a repayment. Your comments should include the repayment amount, the reason and your name. On some occasions the employer/sole trader challenges your decision through the repayment team. In some instances, these queries will be referred back to you.
75. A letter will be generated within S2P and sent to the applicant (via email) providing information about how they can refund the subsidy. It is important that you



complete the applicant's name and address details accurately as these will be used in generating the letter.

76. If your repayment request relates to a pre-payment, random or target audit you must select "Integrity Audit"

<b>Audit Type</b>	<input checked="" type="radio"/> Integrity Audit
	<input type="radio"/> Allegation Audit
	<input type="radio"/> Investigation

77. If your repayment request relates to a post-payment, allegation audit you must select "Allegation Audit"

<b>Audit Type</b>	<input type="radio"/> Integrity Audit
	<input checked="" type="radio"/> Allegation Audit
	<input type="radio"/> Investigation

78. At this stage, do not select "Investigation". Once we start doing the investigations, you will need to enter the repayment information for reporting purposes only. The letter required will need to be created locally; e.g. a standard letter with set text will not be appropriate for Investigations so we will need to create them based on the type of investigation and the outcome of this. We will be able to do this through CMS/ECS

### Step 9 – Associated Applications

79. During an audit of any application you may notice that an associated application is linked to an employer. It would be pertinent to check the associated applications to satisfy yourself that the application:
- It is not linked to the same employer application
  - Doesn't result in a multiple subsidy being paid for the same employment
80. If you identify any associated applications that require follow up (including a full audit), please record application identification number in your audit form.

### Step 10 – Completion of the Audit Sheet

81. A typed audit sheet needs to be completed for each audit that you complete. You should complete one audit sheet per company (i.e. this may include the holding company and all their subsidiary numbers). This audit sheet should include all application ID numbers for the subsidiary businesses.
82. If in the example above, the audit reveals that some applications are met, and some are not, a separate audit sheet should be completed for each 'not met' application.
83. Save the audit forms in a folder marked 'Wage Subsidy'. A target audit could be for an employer, or an employee. For an employer save your audit form using the date/applicant- Employer/IRD number (e.g. 17042020 McDonalds 12345678). For

an employee save your audit form using the date/applicant- *Employee name* /*employee* IRD number (e.g. 17042020 Mary Smith 12345678).

84. If you are doing an allegation audit, save your audit sheet on the IMS record.
85. If you have removed employees, you must ensure you have recorded the exact details in your audit form.
86. If there has been a discrepancy with the number of employees claimed for, this must be clearly documented in the audit form.
87. Collate your completed audit forms and email them to s9(2)(g)(ii) OIA by 9:00am each morning.
88. After each (random and target) audit has been finalised, the results of the audit must be submitted via the portal. Please click on this [link](#) to access the portal. Although you only need to complete one audit sheet you must add an entry in the portal for each application and link them.

## Receiving Allegations about Wage Subsidy

89. The Ministry's allegation line is receiving contact from members of the public and staff members who allege, but not limited to:
- Staff not being paid when the employer has knowingly applied for the wage subsidy
  - Employers unlawfully requiring or compelling staff named in their wage subsidy application to use their leave entitlements
  - Staff being laid off or made redundant when the employer has knowingly applied for the subsidy
  - Sole traders applying for the wage subsidy for businesses that were not operating prior to COVID-19
  - Fraudulent wage subsidy applications (employers, sole traders and other applicants)

### Allegation Recording Process

90. COVID-19 related allegations are received through the Ministry's dedicated allegation line (0800 556 006) or via the specific email address [Fraud.Allegations@msd.govt.nz](mailto:Fraud.Allegations@msd.govt.nz)
91. An internal Ministry staff member, or another agency can make a COVID-19 related fraud suspicion to the above email address.
92. When a phone call is received by the allegation line, the dedicated Client Integrity Officers (CIO) are trained to take as much information as possible from the caller so we can establish clearly what is being alleged. The phone calls are not recorded, and the caller can choose to remain anonymous.
93. Where emailed allegations do not have enough information to progress (e.g. employer/sole trader is not identified), staff respond to the email and ask the allogger for further information that would allow us to act. Staff do not need to record the email address in the system if the allegation is made anonymously.
94. Allegations from the public, internal staff and other agencies are entered into the Investigation Management System (IMS).

### Client Integrity Officer Instructions

95. Below are the instructions Client Integrity Officers need to take to enter allegations into IMS:

#### Step 1: Create Allegation

- Select '*allegation>new*' in IMS.
- Enter as much detail as possible into the '*details*' field.

#### Step 2: Select Line of Inquiry

- Select '*other supplementary assistance*', **do not** select any assistance types

#### Step 3: Select Origin and Nearest NFIU Site:

- Origin – *Allegation*



- Nearest NFIU Site – *National Office*

#### Step 4: Add Subject

- Enter in the subject name, this may be the name of an employer, **do not** search CMS or enter a SWN. An IT change on 8 April 2020 now allows us to create an investigation without a SWN number.

#### Step 5: Save the Allegation as DRAFT

- The allegation must be saved as *DRAFT SAVED*. **Do not finalise.**

#### Central Control Point Instructions

96. Once COVID-19 related allegations are entered into IMS, a Central Control Point (CCP) will take charge of the allegations as follows:

#### Step 6: Identify COVID-19 Allegation in IMS

97. The CCP will identify all '*draft allegations*' completed the previous day that fall within the following parameters:
- LOI – *Other Supplementary Assistance* (no '*assistance types*' selected)
  - Origin – *Allegation*
  - Nearest NFIU Site – *National Office*

#### Step 7: Finalise and Triage Allegation

98. Allegations will be assessed by the CCP to determine the appropriate course of action and will be *finalised* and *outcomed* as '*COVID-19*'.

An Investigation in IMS will be set up for allegations relating specifically to benefit fraud and will be coded with *Programme Name* '**Source of Allegation COVID-19**'.

However, because of the low score the allegation received from the DST tool, the investigation is automatically closed by IMS. The investigation needs to manually be re-opened and the activity need to be selected from one of the following:

- COVID-19 Letter – used when allegations have been triaged for a letter response
- COVID-19 Audit – used at the commencement of the allegation audit creation
- COVID-19 Investigation – used at the conclusion of the allegation audit function when it is deemed the audit has not met requirement and an investigation **or** needed or when the failed random and targeted audits are loaded into IMS.

Once re-opened, transfer the audit to **s9(2)(a) OIA** in IMS using the reason COVID-19. This will then change the site to National Office.

Allegations pertaining to an employer/sole trader will be triaged through to the Audit Team for further action.

Ministry of Business, Innovation and Employment (MBIE) will be responding to the allegations of employers applying for wage subsidy and not paying wages to an employee. All such allegations received by the Ministry will be referred to MBIE by the CCP.

### **Allocation of FIS Response – Letter**

99. The CCP is tasked with allocating work to FIS Technical Officers and they will be directly advised of the allocation.

### **Allocation of Audits**

100. The CCP is tasked with allocating work to FIS staff and they will be directly advised of the allocation.

### **Audit Steps**

101. Please refer to the 'Process Steps for pre-payment and post-payment audits' section of this desk file.

### **Outcome and Next Steps**

102. You will now be in a position to make a determination on the outcome of this allegation audit.

103. Apply the following outcomes and next steps:

#### **Outcomes**

- In Order
- Not Met (employer or employee wage subsidy)
- Not Met (benefit entitlement)
- False Application
- Benefit Issues – Other/FACE
- Associated Application Require Follow Up
- Unable to Contact
- Other

#### **Next Steps**

- NFA
- Refund Required
- Investigation Required
- Refer to MBIE
- FACE
- Other

104. It is important to record full notes in your audit form as to how you have arrived at your decision.

105. If you are auditing an applicant who is a beneficiary and you have identified a discrepancy in their welfare payments, you are expected to follow this through and have their payments adjusted from first available date (if necessary) via the designated Fraud Technical Officers.

106. Send an email to s9(2)(g)(ii) OIA [REDACTED]. The email title should be 'COVID-19 (Integrity Audit Benefit Review Required'.

Email body in this format – do not send your audit sheet:

- Client Name:
- Client SWN:
- EES Application Number:
- Benefit Adjustment Required:

- Reason for Benefit Adjustment:

## IMS Note Writing

107. The Investigators that are undertaking the audits complete the audits and use the following IMS Note Types and Sub Types:

- Type: COVID-19
- Sub Types:
  - COVID-19 Audit
  - COVID-19 Audit Result
  - COVID-19 Summary & Decision
  - COVID-19 Investigation
  - COVID-19 Refund
  - COVID-19 Overpayment
  - COVID-19 Sanction

108. Once the audit is complete and is ready to close the Investigators email the CCP and they will complete the following Sanction fields for them:

### **Sanction Type: (these are the same)**

- NFA
- Penalty
- Prosecution
- Warning

**Length of Time on Benefit:** Will remain at 0

### **Outcome Reason:**

- COVID-19 Audit met requirement
- COVID-19 Audit not met Requirement

### **Outcomes:**

- **COVID-19 Met Requirements**
  - Audit in Order
  - False Information Provided
  - Refer to other Agency
- **COVID-19 Resolved by Desk Based Review**
  - Refund Requested
  - Full & Correct Entitlement Follow Up
  - Refer to other Agency
- **COVID-19 Not Met Requirements**
  - False Application
  - Refund Requested
  - Unable to Contact
  - Prosecution Action Initiated
  - Refer to other Agency



# Wage Subsidy Extension

## Exception of Auto Approval

1. On 10 June 2020 the wage subsidy payment was extended. An applicant can apply for an eight weeks wage subsidy.
2. A new set of qualification rules, obligations and consents are aligned to the wage subsidy extension. These are set out below:

This declaration applies to you if you applied for the COVID-19 Wage Subsidy Extension.

### **By submitting this form, you are declaring that:**

#### **You must meet the eligibility criteria**

You meet the eligibility criteria for the Wage Subsidy (subsidy):

you operate a **business** (being a registered business, sole trader or self-employed person, a registered charity [1], an incorporated society [2], a non-government organisation, or post settlement governance entity) in New Zealand that employs and pays the employees named in your application; and

the **employees** (including you if you are a sole trader or self-employed person) named in your application are legally employed by your business, are employed in New Zealand and have not been given notice of redundancy, at the date of your application; and your business has experienced a minimum 40% decline in revenue [3] over any consecutive 30 day period in the 40 days immediately before the date of your application (but no earlier than 10 May 2020) when compared to the same period last year, or a reasonably equivalent period for a business operating less than a year or a high growth business that has experienced a significant increase in revenue, and that revenue loss is attributable to the COVID-19 outbreak; and

before making your application for the subsidy, you have taken active steps to mitigate the impact of COVID-19 on your business activities (including but not limited to engaging with your bank, drawing on your cash reserves as appropriate, making an insurance claim); and

you are not currently receiving the COVID-19 Wage Subsidy, COVID-19 Leave Subsidy, COVID-19 Essential Workers Leave Support or COVID-19 Leave Support Scheme in respect of any of the employees named in your application.

#### **Your obligations to use the subsidy to retain and pay your employees**

You acknowledge that the granting of your application and your receipt of the subsidy does not override your existing obligations under employment law, including (but not limited to) the Employment Relations Act 2000, Minimum Wage Act 1983, Holidays Act 2003 and Health and Safety at Work Act 2015;

You will not make any changes to your obligations under any employment agreement, including to rates of pay, hours of work and leave entitlement, without the written agreement of the relevant employee; [4]

You will retain the employees named in your application as your employees for the period you receive the subsidy in respect of those employees;

You will not unlawfully compel or require any of the employees named in your application to use their leave entitlements for the period you receive the subsidy in respect of those employees; [5].

You will only use the subsidy for the purposes of:  
paying the ordinary wages and salary of the employees named in your application (or you, if you are a sole trader or self-employed person); and  
meeting your obligations in relation to this subsidy

and you will repay any amount of the subsidy that is not required for these purposes that cannot be used to support paying and retaining other affected staff.

You remain responsible for paying your employees ordinary wages and salary for the employees named in your application.

You will for the period you receive the subsidy:

use your best endeavours to pay at least 80 per cent of each named employee's ordinary wages or salary; and

pay at least the full amount of the subsidy to the employee; but

where the ordinary wages or salary of an employee named in your application (or your ordinary wages or salary if you are a sole trader or self-employed person) was lawfully below the amount of the subsidy before the impact of COVID-19, pay the employee (or yourself if you are a sole trader or self-employed person) that amount.

Ordinary wages or salary; means:

in relation to an employee named in your application:

the ordinary wages or salary as specified in the employee's employment agreement as at the date you applied for this subsidy; or

if you ended your employment relationship with any employee named in your application as a result of your business being adversely affected by the COVID-19 outbreak and have re-employed that employee before the date you applied for this subsidy, the ordinary wages or salary as specified in the employee's employment agreement as at the date that employment relationship ended; or  
in relation to you if you are a sole trader or self-employed person, the weekly amount that you regularly paid yourself as at the date you applied for this subsidy.

### **Providing information about you, your business and your employees to the Ministry**

You will provide the Ministry of Social Development [6] with information about you, your business and (with their consent) the employees named in your application to the extent required by the Ministry of Social Development or its auditors to make decisions about your application, and to audit and review any subsidy that is granted (to you or another applicant) and how any subsidy granted is paid to employees.

### **Consent to the Ministry sharing information about your application with other agencies**

You consent to the Ministry of Social Development sharing information about you or your business provided with respect to your application (both at the time of application, and any information provided at a later time) with other agencies (including non-government agencies) to the extent necessary to make decisions about your application, and to audit and review any subsidy that is granted (to you or another applicant) and how any subsidy granted is paid to employees.

### **Consent to other agencies providing information about you to the Ministry**



You consent to other agencies (including non-government agencies) providing information about you or your business to the Ministry of Social Development or its auditors, to the extent necessary in order for the Ministry of Social Development to make decisions about your application, and to audit and review any subsidy that is granted (to you or another applicant) and how any subsidy granted is paid to employees.

### **Discuss your application with your employees and gain their consent to information sharing**

You have discussed this application with the employees named in it.  
You will inform the employees named in your application of the outcome of your application and the conditions that apply to your receipt of the subsidy.  
The employees named in your application have consented (in writing, if practicable) to the following matters:

The employees consent to:  
the information about them in your application being provided to the Ministry of Social Development; and  
you providing the Ministry of Social Development with any further information about them required in order for the Ministry of Social Development to make decisions about your application, and to audit and review any subsidy that is granted (to you or to another applicant) and how any subsidy granted is paid to employees; and  
you advising the Ministry of Social Development if they end their employment relationship with your business at a time when you are receiving a subsidy with respect to them.

The employees consent to the information about them provided to the Ministry of Social Development with respect to this application (both at the time of application, and any information provided at a later time):  
being used by the Ministry of Social Development to make decisions about your application, and to audit and review any subsidy that is granted (to you or to another applicant) and how any subsidy granted is paid to employees; and  
being shared by the Ministry of Social Development with other agencies (including non-government agencies) to the extent necessary in order for the Ministry of Social Development and its auditors to make decisions about your application, and to audit and review any subsidy that is granted (to you or to another applicant) and how any subsidy granted is paid to employees; and  
being used by the Ministry of Social Development to make decisions about other assistance and entitlements to the extent your application and any subsidy granted is relevant to them (for instance, where your application is relevant to an employee's application for other assistance).

The employees consent to other agencies (including non-government agencies) providing information about them to the Ministry of Social Development and its auditors, to the extent necessary in order for the Ministry of Social Development to make decisions about your application, and to audit and review any subsidy that is granted (to you or to another applicant) and how any subsidy granted is paid to employees.

### **Advise your employees they can request access to information you have provided in your application under the Privacy Act**

You will advise the employees named in your application that they have the right to request access to all information held about them under the Privacy Act, and can visit <https://www.msd.govt.nz/about-msd-and-our-work/newsroom/2020/covid-19/covid-19-wage-subsidy-employer-search.html> <sup>(Link 1)</sup> to make a request.

### **Publication of information about you**



You consent to the Ministry of Social Development publishing information about your business and the level and duration of any subsidy provided to you (excluding any personal information about the employees named in your application) on a publicly accessible register.

### **Notify changes in eligibility**

You will notify the Ministry of Social Development within 5 working days if anything changes that may affect your eligibility or entitlement to the subsidy, including if any of the employees named in your application end their employment relationship with you.

### **Repaying the subsidy**

You agree to repay the subsidy or any part of the subsidy paid to you if you:  
fail to meet any of the obligations about how you must use the subsidy; or  
were not or stop being eligible for the subsidy or any part of the subsidy;  
provide false or misleading information in your application; or  
receive insurance such as business interruption insurance for any costs covered by the subsidy.

### **Provision of true and correct information**

You acknowledge and agree that all of the information you have provided to the Ministry of Social Development is true and correct.

### **Consequences of non-compliance with the obligations in this declaration**

You acknowledge that you may be subject to civil proceedings for the recovery of any amount you receive that you are not entitled to and/or to prosecution for offences under the Crimes Act 1961 if you:

have provided false or misleading information; or  
fail to meet any of the obligations about how you must use the subsidy; or  
receive any subsidy or part of a subsidy that you were not entitled to receive.

### **Authority to make this declaration**

You are making this declaration of behalf of your business and you have the authority to do so.

### **The Ministry may amend this declaration**

You acknowledge that the Ministry of Social Development may amend this declaration at any time and at its discretion.

### **Declaration forms part of your application**

You acknowledge that this declaration forms part of your application.

**In submitting your application you also acknowledge and/or agree:**

The Ministry of Social Development collects the information in this application to determine whether you are eligible to receive assistance.

The Ministry of Social Development will use the information provided in this application for the purposes addressed in this document, including to assess your eligibility to receive the subsidy and to audit and review any subsidies granted. We may also use the information to contact you or for research and reporting purposes, or to advise you on the matters relating to the assistance you applied for.

The Ministry will not use the information provided in this application for any other purpose unless required or authorised by law.

Under the Privacy Act 1993 you have the right to request access to all information held about yourself and to request corrections to that information.

[1] Incorporated under the Incorporated Societies Act 1908 and registered under the Charities Act 2005; or registered under the Charities Act 2005.

[2] Incorporated under the Incorporated Societies Act 1908.

[3] Businesses can include a fall in projected capital income as revenue for the purpose of an application where:

They have no revenue other than seed or venture capital, or Government funding; and  
They are recognised by Callaghan Innovation as a legitimate research and development start up business

[4] It is unlawful for you to unilaterally vary an employment agreement to reduce an employee's wages or salary in order to receive the subsidy. You must continue to comply with your obligations under the Employment Relations Act 2000.

[5] Other than as you are lawfully permitted to do, including as provided for in an employee's employment agreement.

[6] Ministry of Social Development; includes the Chief Executive of the Ministry of Social Development and her staff.

3. s9(2)(k) OIA

4. s9(2)(k) OIA

s9(2)(k) OIA

5. In addition to this, a new process for sole trader applicants in the wage subsidy extension are asked in their application form if they are receiving a benefit. If a sole trader states in the application for wage subsidy that they are not receiving a benefit and MSD records show that they are receiving a benefit the applications s9(2)(k) OIA and referred to the audit team to discuss, assess and decide if the application will be granted and if so, action any benefit assessment that may be needed because of the decision.

## Further Exceptions

6. Information sharing between MSD and IR authorised by an MOU is continuing. If required other categories to ensure applications are not automatically approved may evolve.

## Audit or Process

7. s9(2)(f)(iv)

8. s9(2)(k) OIA

s9(2)(k) OIA



s9(2)(k) OIA

## Timing

9. Each audit will be different. Conversation guides have been developed and are attached as Appendix to this document.
10. A natural process if auditing and processing will likely be that you conduct the audit before you would consider the wage subsidy extension, you may need to resolve any discrepancy that applies to their initial wage subsidy (ie people may have been made redundant and a refund could be required).

## 80+ Employers and Exceptions

11. All applicants who have been exceptioned s9(2)(k) OIA will be referred to the exception que first. If following this audit an 80+ employer still qualifies for the wage subsidy extension the applicant will be referred to the 80+ large employer team to process.