



14 July 2022

Tēnā koe

On 11 January 2022, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information regarding the Auditor General's report and recommendations regarding the COVID-19 wage-subsidy:

- *All internal Ministry of Social Development (MSD) communications since May 2021 regarding this Auditor-General report and its recommendations.*
- *Any documents MSD hold containing intended/target dates to implement the Auditor-General's recommendations.*
- *Any internal memos/updates/progress reports or information showing MSD's progress implementing or addressing the Auditor-General's recommendations.*
- *A list of any recommendations, or parts of recommendations (made by the Auditor-General), MSD has decided not to act on, or address. I request an explanation of why any such recommendations will not be acted on or addressed.*

On 28 January 2022, the Ministry spoke to you on the phone, and you refined your request to be for the following information:

- *Any documents MSD hold/produced that contain intended/target dates to implement the Auditor-General's recommendations.*
- *Any internal memos/updates/progress reports showing MSD's progress implementing or addressing the Auditor-General's recommendations.*
- *A list of any recommendations, or parts of recommendations (made by the Auditor-General), MSD has decided not to act on, or address. I request an explanation of why any such recommendations will not be acted on or addressed.*

On 11 April 2022, the Ministry contacted you to advise you that a table had been identified which includes the target dates to implement the recommendations, alongside the list of recommendations and the Ministry's approach to them, and that the Ministry believed that providing you with this table would be more helpful in fulfilling the intent of points one and three of your request, rather than supplying you with any/all documents which contain intended/target dates. You confirmed you were happy with this change. As it stands, your request is for the following information:

- *The identified table showing the target dates to implement the recommendations, alongside the list of recommendations and the Ministry's approach to them*
- *Any internal memos/updates/progress reports showing MSD's progress implementing or addressing the Auditor-General's recommendations.*

I acknowledge that you have waited for a very long time for this information and apologise if this has caused any inconvenience.

Please find a table attached in **Appendix One**, showing updates against each of the recommendations made by the Auditor General in regard to the COVID-19 wage subsidy and where relevant, due dates. This table was current as at 29 April 2022, and was supplied in response to the Finance and Expenditure Committee in April 2022.

The following documents were identified to be in scope of your request for internal memos, updates and progress reports showing the Ministry's progress implementing or addressing the Auditor-General's recommendations:

1. *REP/21/3/166 – Aide-memoire - Activation of the COVID-19 Wage Subsidy March 2021 Scheme, dated 28 February 2021*
2. *REP/21/3/214 – Joint Report – Update on Auditor-General's Performance Audit of the COVID-19 Wage Subsidy, dated 5 March 2021*
3. *REP/21/3/327 – Joint Report – Response to Auditor-General's Performance Audit of the COVID-19 Wage Subsidy, dated 1 April 2021*
4. *REP/21/5/529 - Wage Subsidy Scheme: quarterly update on our on-going approach to audits and integrity, dated 2 June 2021*
5. *Email – MSD Agency Recommendation, dated 8 June 2021*
6. *REP/21/6/660 – Joint Report – Wage Subsidy activation approach – Six-month report back: Treasury/Ministry of Social Development*
7. *Memo – Project management support for Wage Subsidy Scheme evaluation, dated 1 July 2021*
8. *Procurement Plan – Project management support for Wage Subsidy Scheme evaluation, dated 6 July 2021*

9. *Wage Subsidy Scheme: Audit NZ and OAG Recommendations*, dated 22 July 2021
10. *REP/21/7/767 - Joint Report - Wage Subsidy Schemes evaluation drawdown from the COVID-19 response and recovery fund*, dated 29 July 2021
11. *Procurement plan for the cross-agency evaluation of the COVID-19 Wage Subsidy Scheme*, dated 17 August 2021
12. *REP/21/8/886 - Memo - Legal framework and integrity measures for the Wage Subsidy August 2021*, dated 23 August 2021
13. *REP/21/8/810 - Wage Subsidy Scheme: quarterly update on our on-going approach to audits and integrity*, dated 27 August 2021
14. *Ministry of Social Development Procurement plan - For Panel Secondary Procurement Processes over \$100k all of life*, dated 30 August 2021
15. *REP/21/9/988 - Wage Subsidy August 2021 - Update*, dated 15 September 2021
16. *REP/21/9/1005 - Joint Report - Wage Subsidy uptake*, dated 17 September 2021
17. *Evaluation and Recommendation Report: COVID-19 Wage Subsidy Scheme evaluation: Process component*, dated 7 October 2021
18. *REP/21/10/1147 - Wage Subsidy Scheme: Quarterly update on our on-going approach to integrity*, dated 25 October 2021
19. *Memo - Contract with Motu Economic and Public Policy Research Trust for the cross-agency evaluation of the COVID-19 Wage Subsidy Scheme*, dated 12 November 2021
20. *Memo - Contract with Martin, Jenkins & Associates Limited for the cross-agency evaluation of the COVID-19 Wage Subsidy Scheme*, dated 12 November 2021
21. *REP/21/11/1298 - Suppliers appointed for cross-agency evaluation of the COVID-19 Wage Subsidy Scheme*, dated 26 November 2021
22. *Email - CCB reporting*, dated 7 December 2021
23. *REP/22/1/008 - Wage Subsidy Scheme: quarterly update on our on-going approach to integrity*, dated 26 January 2022
24. *Email - CCB reporting*, dated 27 January 2022
25. *Update - Wage Subsidy Scheme Evaluation - Steering Group Updates 1*, various dates
26. *Update - Wage Subsidy Scheme Evaluation - Steering Group Updates 2*, various dates

As the following documents have already been previously released to you, they have not been included in this response:

1. *REP/21/3/166 - Aide-memoire - Activation of the COVID-19 Wage Subsidy March 2021 Scheme*, dated 28 February 2021
2. *REP/21/3/214 - Joint Report - Update on Auditor-General's Performance Audit of the COVID-19 Wage Subsidy*, dated 5 March 2021

3. *REP/21/3/327 - Joint Report - Response to Auditor-General's Performance Audit of the COVID-19 Wage Subsidy, dated 1 April 2021*
4. *REP/21/5/529 - Wage Subsidy Scheme: quarterly update on our on-going approach to audits and integrity, dated 2 June 2021*
5. *REP/21/6/660 - Joint Report - Wage Subsidy activation approach - Six-month report back: Treasury/Ministry of Social Development*
6. *REP/21/7/767 - Joint Report - Wage Subsidy Schemes evaluation drawdown from the COVID-19 response and recovery fund, dated 29 July 2021*
7. *REP/21/8/886 - Memo - Legal framework and integrity measures for the Wage Subsidy August 2021, dated 23 August 2021*
8. *REP/21/8/810 - Wage Subsidy Scheme: quarterly update on our on-going approach to audits and integrity, dated 27 August 2021*
9. *REP/21/9/988 - Wage Subsidy August 2021 - Update, dated 15 September 2021*
10. *REP/21/10/1147 - Wage Subsidy Scheme: Quarterly update on our on-going approach to integrity, dated 25 October 2021*
11. *REP/21/11/1298 - Suppliers appointed for cross-agency evaluation of the COVID-19 Wage Subsidy Scheme, dated 26 November 2021*

Please find the following documents enclosed:

1. *Email - Re: MSD Agency Recommendation, dated 8 June 2021*
2. *Memo - Project management support for Wage Subsidy Scheme evaluation, dated 1 July 2021*
3. *Procurement Plan - Project management support for Wage Subsidy Scheme evaluation, dated 6 July 2021*
4. *Procurement plan for the cross-agency evaluation of the COVID-19 Wage Subsidy Scheme, dated 17 August 2021*
5. *Ministry of Social Development Procurement plan - For Panel Secondary Procurement Processes over \$100k all of life, dated 30 August 2021*
6. *Evaluation and Recommendation Report: COVID-19 Wage Subsidy Scheme evaluation: Process component, dated 7 October 2021*
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9. *Email - CCB reporting, dated 7 December 2021*
10. *REP/22/1/008 - Wage Subsidy Scheme: quarterly update on our on-going approach to integrity, dated 26 January 2022*
11. *Email - CCB reporting, dated 27 January 2022*
12. *Update - Wage Subsidy Scheme Evaluation - Steering Group Updates 1, various dates*

Please note that the names and contact details of public servants have been removed and marked as 'out of scope', as you have indicated that you do not require this information.

Some information is withheld under section 9(2)(b)(ii) of the Act as, if released, it would be likely to prejudice the commercial position of the person who supplied or who is the subject of the information. The greater public interest is in ensuring that the commercial position can be maintained.

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)(j) of the Act, to enable the Ministry to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). The greater public interest is in ensuring that government agencies can continue to negotiate without prejudice. I do not consider there are any other reasons in the public interest which would outweigh the need to withhold 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.

Your request for the document *Wage Subsidy Scheme: Audit NZ and OAG Recommendations*, dated 22 July 2021, is refused under section 18(d) of the Act on the basis that the information requested is publicly available at the following link: www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/october/11-10-2021-any-reports-briefings-updates-generated-internally-and-or-sent-externally-that-address-specific-recommendations-for-the-wage-subsidy-scheme-audit-nz-and-aog-recomme.pdf

REP/21/9/1005 – Joint Report – Wage Subsidy uptake, dated 17 September 2021 is refused under section 18(d) of the Act on the basis that the information requested will be proactively released by the Treasury. This information will be published as soon as possible this year.

Update - *Wage Subsidy Scheme Evaluation – Steering Group Updates 2*, is refused under section 18(d) of the Act on the basis that the information requested is publicly available at the following link: www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/december/17-12-2021-request-for-all-minutes-agendas-of-the-wage-subsidy-scheme-evaluation-steering-group-from-september-13-to-17-december-2021.pdf.

You may be interested to know that the Ministry has responded to several previous related requests from other requestors under the Act. Please find relevant links in **Appendix Two**.

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'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, 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



Rachel Skeates-Millar
General Manager
Research and Evaluation



Appendix One

<p>Recommendation 1</p> <p>Ensure that criteria are sufficiently clear and complete to allow applicant information to be adequately verified</p>	<p>MSD, MBIE and TSY work closely on the Policy design for subsequent schemes, so that Operational Policy guidelines and communications and guidance support stronger understanding of eligibility for each scheme and robust eligibility reviews where possible.</p>
<p>Recommendation 2</p> <p>Put in place robust post-payment verification measures, including risk-based audits against source documentation, to mitigate the risks of using a high-trust approach</p>	<p>Pre- and post-payment integrity checks for the March and August 2021 schemes routinely sought evidence from recipients to support their eligibility, including meeting the revenue decline test, in line with updates to the declarations expressly requiring applicants to prepare and retain evidence that they met the required revenue decline test.</p>
<p>Recommendation 3</p> <p>Test the reliability of a sample of the post-payment assurance work it carried out against documentary evidence held by applicants</p>	<p>In March 2022, MSD completed work to seek documentary evidence from a sample of 339 early Wage Subsidy recipients (representing 486 applications), who were subject to random post-payment integrity checks early in the WSS integrity programme. In 89% of the cases, entitlement was confirmed.</p>

<p>Recommendation 4a</p> <p>Seek written confirmation from applicants (which could be targeted towards larger or risk-indicated applicants) of compliance with the eligibility criteria and the obligations of receiving the subsidy</p>	<p>A sample of 1,000 early Wage Subsidy recipients were contacted by email from late July 2021 to confirm their eligibility and compliance with obligations for the subsidy received. Around 50% have yet to respond but follow up with these applicants was delayed due to the August 2021 scheme and alert level changes. Reminder emails were sent from 18 February 2022, asking that they respond by April 2022.</p>
<p>Recommendation 4b</p> <p>Pursue prosecutions to recover funds and/or to hold businesses to account for potentially unlawful behaviour</p>	<p>MSD developed and implemented its enforcement and recovery framework from late 2020, and Response and Recovery panel from early 2021, to support investigations through to enforcement including prosecution and civil recovery. All prosecution decisions are taken in line with the Solicitor-General's guidelines.</p> <p>As at Friday 15 April 2022, 14 decisions to take prosecution action have been made, with charges filed for six of these.</p>
<p>Recommendation 5</p> <p>Carry out timely evaluation of the development, operation, and impact of the Wage Subsidy Scheme and use the findings to inform preparation for future crisis-support schemes</p>	<p>MSD are leading the cross-agency evaluation of the Wage Subsidy Schemes. Martin Jenkins and Motu have been engaged to undertake two facets of the evaluation, overseen by a cross-agency Steering Group established to provide high-level oversight and ensure evaluation findings have influence within the participating agencies. An evaluation report is due December 2022.</p>

Appendix Two

Links to previous relevant responses under the Act regarding the recommendations of the Auditor-General:

- www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/october/20211020-provide-all-regular-reports-generated-internally-and-or-sent-externally-regarding-investigations-of-potential-abuse-of-the-wage-subsidy-scheme-since-january-of-this-ye.pdf
- www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/october/20211011-any-reports-briefings-updates-generated-internally-and-or-sent-externally-that-address-specific-recommendations-for-the-wage-subsidy-scheme.pdf
 - www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/october/11-10-2021-any-reports-briefings-updates-generated-internally-and-or-sent-externally-that-address-specific-recommendations-for-the-wage-subsidy-scheme-audit-nz-and-aog-recomme.pdf
 - www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/october/20211011-any-reports-briefings-updates-generated-internally-and-or-sent-externally-that-address-specific-recommendations-for-the-wage-subsidy-scheme-rep-21-5-529-.pdf
 - www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/october/20211011-any-reports-briefings-updates-generated-internally-and-or-sent-externally-that-address-specific-recommendations-for-the-wage-subsidy-scheme-rep-21-8-810-.pdf
- www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/october/20211226-provide-all-documentation-related-to-meetings-of-the-steering-group-including-but-not-limited-to-agenda-items-including-attachments-minutes..pdf
- www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2022/april/19-04-2022-request-for-documents-regarding-decision-to-implement-the-

- [suggestions-and-recommendations-made-by-the-auditor-general-in-a-may-2021-wage-subsidy-report.pdf](#)
- [www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/december/17-12-2021-request-for-all-minutes-agendas-of-the-wage-subsidy-scheme-evaluation-steering-group-from-september-13-to-17-december-2021.pdf](#)