Mandatory reviews (Confirming Your Circumstances) and Winter Energy Payment

The problem (as at 16 August 2026)

The Ministry has experienced two separate but interrelated issues:

1. processing delays due to a high volume of Confirming Your Circumstances (CYC) responses, which resulted in some clients having payments suspended despite having already returned the required information; and
2. the treatment of Winter Energy Payment (WEP) under the mandatory review provisions, which resulted in some New Zealand Superannuation and Veteran's Pension clients having their Winter Energy Payments suspended in circumstances that were not consistent with the intended policy outcome.

Processing delays

From 2 March 2026, changes to the mandatory review process introduced an annual Confirming Your Circumstances (CYC) review for certain client groups. The purpose is to confirm that clients continue to meet the eligibility requirements for the assistance they receive and to ensure payments remain accurate and up to date.

The annual CYC review process applies to clients receiving Supported Living Payment, Accommodation Supplement, Disability Allowance, ongoing Emergency Benefit or Emergency Maintenance Allowance, and New Zealand Superannuation with a non-qualified partner. Other clients continue to be managed through existing review and reapplication processes, including 26-week reapplication requirements where these already apply.

Following the introduction of these changes, MSD experienced high volumes of CYC responses. Since 2 March 2026, MSD has received **130,981** CYC responses and completed **123,712** reviews, reflecting a strong response from clients engaging with the new annual review process.

As at 16 August, **7,081** reviews remained open and at various stages of processing. Of these, approximately **3,081** were in the active processing queue and remain within expected processing timeframes. Approximately **4,000** have already been worked on and are awaiting additional information or verification from the client before they can be completed.

For a period, some reviews were not processed before their expiry date. This meant some clients had payments suspended despite having already returned the information MSD requested.

Additional resources were deployed from across Service Delivery to support processing activity. MSD identified these cases, reviewed them as a priority, and ensured affected clients received the correct payment outcome based on their review. These cases have now been addressed.

Processing volumes have now returned to expected operating levels, and MSD is keeping pace with incoming demand, supported by additional operational resources. Clients with reviews currently in progress, including the **7,081 open reviews** outlined above, continue to be managed through the review process and **are not affected** by the Winter Energy Payment issue described later in this paper.

s9(2)(g)(i)

[redacted]

Winter Energy Payment (WEP)

As part of Budget 2025, the Social Security (Mandatory Reviews) Amendment Act 2026 introduced annual mandatory reviews for a range of benefits and supplementary assistance payments.

Under the Act, from 2 March 2026, MSD is required to suspend certain supplementary assistance payments when a client does not meet their mandatory review requirements. This includes Accommodation Supplement and Disability Allowance for New Zealand Superannuation (NZS) and Veteran's Pension (VP) clients.

When drafting the legislation, provisions were included to ensure that some payments were specifically not included in the supplementary benefits which must be suspended, because it was intended they should continue to be paid.

Winter Energy Payment was not included in that list of payments that are exempt, as it was inadvertently omitted from the provisions during the development process.

As a result, Winter Energy Payment is treated the same way as other supplementary assistance payments and can be suspended when a client becomes subject to the mandatory review provisions.

This is not consistent with the intended treatment of Winter Energy Payment. Clients who remain eligible for their main benefit, including NZS and VP, would generally be expected to continue receiving Winter Energy Payment.

MSD has been administering the legislation as enacted, and the suspensions that occurred were lawful. However, the omission of Winter Energy Payment from the benefit exemption provisions relating to mandatory reviews has resulted in an outcome for some NZS and VP clients that was not intended.

This issue was not caused by staff error, system error, or automated decision-making. MSD's systems and automated processes are operating in accordance with the legislation.

How we found out

Over the last week MSD has confirmed two separate but interconnected issues following concerns identified through staff feedback, complaints and communications with clients.

The first was an operational issue, where some Confirming Your Circumstances (CYC) responses had not been processed before their expiry date due to higher than usual volumes.

This resulted in some clients having payments suspended despite having already returned the information MSD requested. This issue has now been resolved.

The second related to the treatment of Winter Energy Payment (WEP) under the mandatory review provisions. Through staff feedback, client enquiries, and correspondence, MSD identified that the legislation was impacting payments which was not intended. Once identified, MSD moved quickly to understand the extent of the issue and identify potential solutions.

Response for clients affected by the WEP issue

The WEP issue affected (or potentially affected) three distinct groups of New Zealand Superannuation (NZS) and Veteran's Pension (VP) clients (excluding Qualifying and Non-Qualifying Superannuation couples) who receive supplementary payments. Note that NZS and VP clients who received the WEP and no other supplementary payments are not impacted by this issue as they are not subject to a mandatory review under the Act.

Group 1: Clients whose WEP had already been suspended or cancelled

There were approximately **4,000 to 6,000** clients in this group (as at Friday 14 August). These clients had already received a CYC review and their payments had been stopped as the review was not completed. This means their supplementary assistance, including WEP, had been suspended.

There are two reasons why payments suspended for these clients:

1. They had not completed their review or provided documentation for their supplementary payments, for example Accommodation Supplement (AS) and Disability Allowance (DA), or
2. MSD had received their information but had been unable to process before the clients' payments stopped.

MSD prioritised a review of these cases (in line with the legislative review provisions) and by 9am on Saturday 15 August;

- All clients had their WEP payments resumed and backdated
- Clients who had provided information, but payments were stopped due to processing delays were reinstated and backdated (if necessary)
- All affected payments have been corrected to ensure clients receive their full entitlement and any arrears owing.

There may be some clients in this group whose other supplementary payments (AS and DA) are still suspended because they did not complete the review requirements.

MSD will write to affected clients over the coming week to explain what occurred, confirm the action taken, and apologise for the impact.

Group 2: Clients with a CYC review currently underway

There are approximately **10,500** clients in this group. These clients have received a CYC request and are currently within the review period.

Action is being taken to ensure these clients do not have their WEP impacted while their review is underway.

Group 3: Clients yet to begin their CYC review

There are approximately **13,000** clients in this group who would otherwise have received a CYC request before the end of the current Winter Energy Payment period (1 October 2026).

To prevent further impact, MSD will defer these reviews and reschedule them to a future CYC review cycle.

Long-term solution

A legislative amendment will be required to permanently resolve the issue created by omitting the Winter Energy Payment from the exemption provision to ensure it is treated as intended.

s9(2)(f)(iv)

Current position

Direct impacts on client payments have now been addressed.

- Processing volumes have returned to expected operating levels, and MSD is keeping pace with incoming demand.
- All identified clients with suspended or cancelled Winter Energy Payments had their payments reinstated by 9am on Saturday 15 August.
- Any arrears owing to clients have been paid and are available in their bank accounts.
- MSD will write to affected clients over the coming week (week commencing 17 August) to explain what occurred and that their Winter Energy Payments have been resumed.
- MSD will have information available on their website and key messages for staff to support communicating with affected clients.
- MSD is providing information to beneficiary advocate groups and community law representatives who may be supporting affected clients.
- MSD will ensure clients in Groups 2 and 3 continue to receive their Winter Energy Payments.
- MSD has started work to make the necessary legislative changes ahead of the Winter Energy Payment period in 2027.

Holding lines (for Minister)

[NB: should read Thursday 13 August]

- I was briefed by the Ministry late last week (Thursday 14 August) about an issue relating to the changes that came into effect in March this year for clients when confirming their circumstances.
- As part of Budget 2025, the Social Security (Mandatory Reviews) Amendment Act 2026 introduced annual mandatory reviews for a range of benefits and supplementary assistance payments and requiring clients to confirm their circumstances is part of that process.
- An unintended consequence arising from the policy and legislative design process has resulted in the legislation potentially affecting some New Zealand Super and Veterans Pension clients' Winter Energy Payments when their other supplementary assistance is suspended.

- This is unacceptable. It was not the Government's intention and was not covered in MSD's advice to me. MSD have explained that it was an omission rather than an active decision and are working at pace to resolve the issue.
- I was disappointed by this outcome. I instructed MSD to ensure affected clients have their Winter Energy Payment resumed, with any affected payments corrected, and to ensure no further clients were affected.
- I directed MSD to resolve this issue as quickly as possible and ensure no client was left out of pocket. MSD has advised me that affected clients have now had their Winter Energy Payments resumed and any affected payments corrected.
- I acknowledge that this omission and its unintended consequences will have caused unnecessary stress for some clients.
- I will use the next available opportunity to update the omission in the legislation to resolve this matter going forward.
- I have been assured that MSD has been administering the legislation as enacted, and the suspensions that occurred were lawful. However, the omission of Winter Energy Payment from the benefit exemption provisions relating to mandatory reviews has resulted in an outcome for some NZS and VP clients that was not intended.
- I have also been assured that this issue was not caused by staff error, system error, or automated decision-making. MSD's systems and automated processes are operating in accordance with the legislation
- The Ministry also experienced delays in processing some CYC responses due to high volumes of reviews being received.
- MSD has worked through these cases, and processing volumes have now returned to expected operating levels. This was a separate operational issue from the Winter Energy Payment matter.

WEP Rates

The Winter Energy Payment is paid from 1 May to 1 October.

Single people with no dependent children	$20.46 a week
Couples, and people with dependent children	$31.82 a week

Scenarios – Issue impacts

Issue	Example client	What happened?	What should have happened?	Outcome / fix
CYC processing delay	**Mary, 68** NZ Super and Accommodation Supplement	Mary returned her review form within the required timeframe. However, her review was not processed before its expiry date due to higher than usual processing volumes. As a result, her Accommodation Supplement and Winter Energy Payment stopped. She received both a reminder letter and a suspension letter advising that her payments had stopped.	Mary's review should have been processed before the expiry date. Her Accommodation Supplement and Winter Energy Payment should have continued without interruption while her review information was being assessed.	MSD reviewed Mary's case and confirmed her continued eligibility. Her payments were corrected based on the outcome of her review, and any entitlement impacts were resolved.
Winter Energy Payment (WEP)	**John, 76** NZ Super and Disability Allowance	John did not respond to his review request, so his Disability Allowance and WEP was suspended in line with the legislation. John received a letter advising that both payments would stop.	John's Disability Allowance should have been suspended because he did not meet the review requirements. However, because he remained entitled to NZ Super, his Winter Energy Payment should have continued.	MSD reviewed John's case and resumed his Winter Energy Payment. Any payments affected were corrected to ensure he received his full entitlement.

Scenarios – WEP Fix - Group 1, 2 and 3

Group / cohort	Example client	What the client experienced	MSD response / outcome
Group 1 Clients whose WEP had already been suspended or cancelled	**Sarah, 67** NZ Super and Disability Allowance	Sarah received a Confirming Your Circumstances (CYC) review request two months ago but did not complete it. Her Disability Allowance and WEP was suspended.	MSD has reviewed Sarah's case and resumed her Winter Energy Payment. Any affected payments have been corrected to ensure she receives her full entitlement. MSD will write to Sarah to explain what occurred, confirm the action

			taken, and apologise for the impact.
Group 2 Clients with a review currently underway	**Gary, 82** NZ Super, Disability Allowance and Accommodation Supplement	Gary has received a CYC review request and is still within the response period. Due to our current settings, WEP could have been affected if his supplementary assistance became suspended during the review process.	MSD has taken action to ensure Gary's WEP is not affected while his review is underway. If Gary remains eligible, his payments will continue. If Gary does not complete his CYC review, his Accommodation Supplement and Disability Allowance will be stopped, and MSD will review his WEP separately to continue paying.
Group 3 Clients yet to begin their review	**Sue, 71** NZ Super and Accommodation Supplement	Sue was due to receive a CYC review at the end of August. Had no action been taken, she could potentially have been affected by the WEP issue.	MSD has deferred Sue's review, along with others in this cohort, to ensure she is not affected by the WEP issue. She will be contacted as part of a future review cycle.

Issue Summary Table

Question	Issue 1: CYC processing delays	Issue 2: Winter Energy Payment (WEP)
What happened?	Following the introduction of mandatory reviews commencing in March 2026, MSD received high volumes of CYC responses. Some reviews were not processed before their expiry date, resulting in some clients having payments suspended despite having returned the required information.	WEP was not included in the provisions of the Mandatory Reviews Act, passed in May 2025, that exempt certain payments from suspension. As a result, some NZS and Veteran's Pension clients had their WEP suspended when supplementary assistance became subject to a mandatory review.
How long has this been a problem?	The requirement came into effect from 2 March 2026. The processing delays presented over the last few weeks.	Since 1 May 2026, when Winter Energy Payments began to be paid to main benefit recipients. Winter Energy Payment runs through until 1 October 2026.
Primary cause	Operational processing volumes exceeded capacity for a period of time.	Legislative design issue relating to how WEP is treated under the Mandatory Reviews Act.
Affected client benefit type	NZS, VP and SLP.	NZS and VP. *Note there may be an overlap between the two issues for some clients though the remedy will be the same. **Note NZS non-qualified spouse clients are not part of this cohort.

		*** Note that NZS and VP clients who received the WEP and no other supplementary payments are not impacted by this issue as they are not subject to a mandatory review under the Act.
Was MSD acting lawfully?	Yes.	Yes. Systems and processes were operating in accordance with the legislation as enacted.
Is this a problem with Automated Decision Making?	No. MSD uses ADM and automation in parts of this process to automatically suspend supplementary assistance where clients have not responded to their review. This ADM is working in line with the legislation and is not the cause of this issue.	No. MSD uses ADM and automation in parts of this process to automatically suspend supplementary assistance where clients have not responded to their review. This ADM is working in line with the legislation and is not the cause of this issue.
Current position	Processing volumes have returned to expected operating levels and MSD is keeping pace with incoming demand.	As at 9am Saturday 15 August, all clients identified as having a suspended or cancelled WEP have had their payments resumed.
What have we done?	Redirected resources, reviewed affected cases, and corrected entitlement impacts where processing delays contributed to suspensions.	Completed a review of affected clients, reinstated WEP payments, and backdated any missed entitlement, so clients do not miss out on money they were entitled to receive.
Is the fix we are doing lawful?	Yes. MSD is using its legislative review provisions.	Yes. MSD is using its legislative review provisions.
Client impact now	The processing issue has been addressed, and queues have returned to expected levels.	Affected clients have had their payments restored and any missed payments backdated.
Next steps	Continue monitoring volumes and maintaining performance at current levels.	Write to affected clients next week to explain what occurred and confirm the actions taken. Update MSD channels about the issue and actions taken.
Key message	The processing issue has been addressed, and MSD is now keeping pace with demand.	The WEP issue has been identified, corrected, and affected clients have had their payments restored and backdated where required. The resolution also ensures this will not affect any more clients who may currently be in the middle of their CYC process or be due to commence.