



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

Dear [REDACTED]

On 1 November 2017, you emailed the Ministry requesting, under the Official Information Act 1982, information regarding New Zealand Superannuation (NZS) overpayments.

When a person is in receipt of New Zealand Superannuation, they have an obligation to inform the Ministry of any changes that may affect their entitlement. Where this doesn't happen clients can incur an overpayment resulting in a debt to be repaid.

For the sake of clarity, I will address each of your questions in turn.

- 1. Why the rate of overpayments is higher for pensioners than it is for welfare overpayments? (The figures - 50,000/700,000 for superannuation overpayments and 2,900/280,000 for welfare overpayments (according to MSD 2015/16 annual report)) Are all overpayments logged for both groups, or just the most serious ones?*

The figures you have identified above are not comparable, as the figure '50,000' relates to the number of reviews where records show an overpayment has occurred, however the figure '2,900' relates to the number of overpayments resulting from an actual investigation of suspected fraud. Reviews are a term used to describe adjusted payments which take account of a change in circumstances. This is an on-going process, and in the vast majority of cases does not indicate fraudulent activity; while fraud investigations only occur in specific cases where fraud is suspected. Consequently, the number of reviews will always be greater than the number of fraud investigations. These investigations may consist of a range of NZS, benefit or student support payments. As such, these two figures cannot be compared to draw conclusions between the rates of overpayments for NZS recipients to welfare assistance. Your request for this information is refused under section 18(e) of the Official Information Act (the Act) as the information you have requested does not exist.

In order to make appropriate comparisons, please find enclosed four tables that show the number of reviews that lead to the establishment of overpayment debts for NZS, Veteran's Pension and Main Benefits between 2013 and 2017 by year ending 30 June; the number of clients with reviews that lead to overpayment debts of New Zealand Superannuation, Veteran's Pension and Main Benefits between 2013 and 2017 by year ending 30 June and the number of cases of Benefit Fraud Investigations and Prosecutions between 2013 and 2016 by year ending 30 June.

I can advise that between July 2014 and June 2017, seven clients have been prosecuted for New Zealand Superannuation overpayments. Please note, this figure has been updated as per the Ministry's previous New Zealand Superannuation response which stated that nine clients have been prosecuted. We apologise for this error and any confusion this has caused. Please note, there are no prosecution cases involving Veteran's Pension (VP) clients. This figure is not inclusive of investigations or prosecutions where an overpayment wasn't created, as an overpayment needs to be created to identify the involvement of New Zealand Superannuation.

1. *Why is the rate of prosecution for welfare recipients who receive an overpayment higher than that of superannuation recipients who receive an overpayment? (The figures - 9/50,000 for superannuation and 598/2,829 for welfare)*

The overpayment figures you have identified above cannot be compared against each other in the way you have done, as per the Ministry's response to your first question. As such, your request for this information is refused under section 18(e) of the Act as the information you have requested does not exist.

2. *Why are there tens of thousands of overpayments issued – is the system too complicated? Is the information not getting through to the right people?*
3. *Do you have a breakdown of how many of those overpayments are due to MSD error and due to the recipients either error or fraud?*

It is standard operational practice for Case Managers to adjust entitlements to benefit and Superannuation payments when they become aware of a change in the clients circumstances, which may result in an overpayment. If there is a delay in the Ministry being informed of a change, this may result in an overpayment as the client continues to receive a payment they were no longer entitled to. The reasons for adjustments are varied and can be due to a client's absence from New Zealand exceeding 26 weeks, a change in a client's living situation that means they may no longer qualify for a living alone payment, a change in address, a change in marital status or the client is imprisoned.

During the 2017 calendar year to 30 September 2017, Ministry staff completed over 3 million actions on New Zealand Superannuation client records. An action involves a Ministry staff member updating clients' details in the system which then adjusts a client's entitlement for various reasons.

The creation of an overpayment does not always result in debt being created on a client's records, as it is a reflection of the administration of financial payments where the Ministry regularly creates overpayments and arrears to correctly maintain the financial records of recipients of financial assistance. Each time a case manager makes an adjustment to a benefit record, it aligns to operational practice and legislative requirements under the Social Security Act (1964).

It is not possible to break down how many overpayments are due to Ministry errors, or the recipient's error or fraud as this information is held in notes on individual client files and is not centrally collated. In order to provide you with this information, Ministry staff would have to manually review in excess of 700,000 client files. As such, I am refusing this part of your request under section 18(f) of the Act. The greater public interest is in the effective and efficient administration of the public service.

In lieu of this information, Table four shows the number of overpayment debts written off under section 86(9A) of the Social Security Act 1964 for recipients of New Zealand Superannuation. This indicates that the debt may have been caused by Ministry or client error. Further information regarding section 86(9A) of the Social Security Act 1964 can be found online at: www.workandincome.govt.nz/map/income-support/core-policy/current-client-debt/section-86-9a-criteria-01.html

4. Does the low level of prosecutions of superannuation recipients point to MSD error, rather than, recipient error?

The Ministry will only ever consider prosecution where the recipient has directly acted in contravention of the Social Security Act 1964.

5. Do these mistakes warrant an investigation into MSD processes?

The Ministry constantly reviews processes and procedures to ensure that the services they provide are delivered in a timely manner and to the highest quality.

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 shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us regarding New Zealand Superannuation overpayments, 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.

Yours sincerely



Ruth Bound
Deputy Chief Executive, Service Delivery

Table One: Reviews that lead to the establishment of overpayment debts for recipients of New Zealand Superannuation and Veteran's Pension between 2013 and 2017, by year ending 30 June.

Year ending 30 June	Reviews that established overpayments for recipients of NZS and Veteran's Pension	Reviews that established overpayments for recipients of Main Benefits
2013	35,101	306,119
2014	36,492	314,089
2015	46,747	299,788
2016	44,815	335,556
2017	52,525	342,748

Table Two: Number of clients with reviews that lead to the establishment of overpayment debts for recipients of Main Benefit, New Zealand Superannuation (NZS) and Veteran's Pension (VP) between 2013 and 2017, by year ending 30 June.

Year ending 30 June	Number of clients with reviews lead to an overpayment	
	NZS/VP	Main Benefit
2013	27,234	162,015
2014	28,699	157,487
2015	30,062	152,782
2016	33,195	165,552
2017	35,803	161,768

Table Three: Number of cases of Benefit Fraud Investigations and Prosecutions between 2013 and 2016, by year ending 30 June.

Year ending 30 June	Cases Investigated	Prosecutions
2013	3,618	906
2014	4,614	868
2015	5,342	927
2016	5,326	598

Notes:

- Table one and Table two count reviews that lead to overpayment debts.
- Overpayment debts are created when a client's record is reviewed. One review may be made up of a number of overpayments. This report is counting each review that may have multiple overpayments.
- A client may have more than one review with an overpayment debt. In this report we have counted a client once in any year under each category
- Main Benefits exclude NZ Superannuation, Veteran's Pension, Non-Beneficiary assistance, Orphan's Benefit and Unsupported Child's Benefit.
- A client may appear in both categories if they had both Main Benefit and NZS/VP overpayment debts established in the same year.
- Table one counts reviews done on Main Benefits. The Main Benefit may be historical and not currently received by the client.
- Table three includes both Main Benefits and NZ Superannuation.

Table Four: Number of overpayment debts written off under section 86(9A) of the Social Security Act 1964 for recipients of New Zealand Superannuation, in the Calendar years between 2013 and 2016.

Calendar Year	Debts written off under section 86(9A) of the Social Security Act 1964
2013	1,181
2014	1,429
2015	1,525
2016	1,328

Notes:

- These debts have been written off while the individual was in receipt of NZ Superannuation; however debts may have been created while on a different benefit or pension.
- This is a number of debts written off under section 86(9A) of the Social Security Act 1964 and not a number of clients. A client may have more than one debt written off under section 86(9A) of the Social Security Act 1964.