



27 JAN 2020

R Junior

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Dear R Junior

On 25 October 2019, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982, the following information regarding beneficiary overpayment calculations and excluding fraud debt:

- *Any information regarding common reasons for incorrectly calculating over-payment debts*
- *Provide figures on how many beneficiaries have been overpaid in the last 3 years*
- *The total amount that has been overpaid to beneficiaries in the last 3 years*
- *How much has been recovered (over-payment debts) from beneficiaries in the last 3 years*
- *Figures/information on how many over-payment debts have been challenged through Review of Decision*
- *Figures on how many over-payment debts were found to have been incorrect and consequently wiped*

Benefit overpayments occur when people receive more money from a benefit payment than they are entitled to. The rules and rates of entitlement to the various welfare payments administered by the Ministry are set out in the Social Security Act 2018.

The greater the number of changes that can impact on entitlement, the greater chance that overpayments (and underpayments) can occur. Many people on benefits are often in receipt of supplementary assistance which can be affected by changes in circumstances as it is income tested.

Where we underpay someone, we repay them as quickly as possible. Where there has been an overpayment, a debt is established and we discuss repayments with the client to ensure there is no undue hardship.

There are three main types of benefits (Jobseekers, Sole Parent Support and Supported Living Payments), as well as a wide range of Supplementary Assistance. These include assistance such as Accommodation Supplement, Disability Allowance and Childcare Assistance. Most forms of additional assistance are income tested and the amount a person will receive can vary with changes in their income or in their considered costs.

If people's circumstances change then these changes need to be reported and captured by the Ministry at the time they occur. If that does not happen, then a person may receive more or less assistance than they were entitled to.

For example, John receives Jobseeker Support and works part time. His benefit is abated in line with how much extra income he receives from employment. He received his payslip on Friday for the period ending Wednesday that week. He notes that he had worked three more hours than usual and advised Work and Income of this through his online MyMSD account.

This meant that his benefit was overpaid for that week and an overpayment debt was established. Work and Income in conjunction with John will set a repayment rate, taking into consideration his personal situation, so as to not cause undue hardship.

A proportion of overpayments are written off each year for a range of reasons. Including where an error has occurred that the client didn't intentionally contribute to.

Debt can be considered an error if it has been caused partly by the Ministry giving the client the wrong information and/or not doing something that should have been done, or doing something incorrectly.

If it is established the debt was created by an error, the next step in the Ministry's process is to consider all the other criteria under Section 86 (9A) of the Social Security Act 1964, to determine whether writing off the debt is the appropriate course of action:

- The client did not intentionally contribute to the error:
- If the client changed their position
- If the client received the money in good faith
- If it would be inequitable in all circumstances to recover the debt

I will address the remainder of your questions in turn.

- *Provide figures on how many beneficiaries have been overpaid in the last 3 years*
- *The total amount that has been overpaid to beneficiaries in the last 3 years*
- *How much has been recovered (over-payment debts) from beneficiaries in the last 3 years*

Table One shows the number of clients with overpayment debt established and the total amount of overpayment. These figures are broken down by financial years.

**Table One: Total Overpayment debt and the Number of clients this pertains to from 2016/17 to 2018/19.**

<b>Financial Year</b>	<b>Total debt established as Overpayment</b>	<b>Number of clients with debt(s) established as Overpayment</b>
<b>2016/17</b>	\$229,380,571	254,915
<b>2017/18</b>	\$243,909,709	253,260
<b>2018/19</b>	\$228,596,330	249,158

Table Two shows the amount of overpayment debt recovered for the last three financial years.

**Table Two: Total Overpayment debt recovered from 2016/17 to 2018/19.**

Financial Year	Total debt recovered from overpayment
2016/17	\$157,586,626
2017/18	\$177,037,575
2018/19	\$175,376,935

**Notes:**

- The year payment of debt was received may not pertain to the year the debt was incurred.
- *Figures/information on how many over-payment debts have been challenged through Review of Decision*

Table Three shows the amount of Review of Decision (ROD) applications received and recorded under the category 'Overpayment' for the last three financial years.

**Table Three: Review of Decision applications received for Overpayments for financial years from 2016/17 to 2018/19.**

Financial Year	Total Review of Decision applications received as a result of an Overpayment
2016/17	1,003
2017/18	987
2018/19	822

**Notes:**

- This table only includes applications received and does not provide information on the outcomes of these applications.
- *Figures on how many over-payment debts were found to have been incorrect and consequently wiped*

The table below shows the number of debt write-offs on the basis of 'office error', and total amount of debt written off for this reason, for the last three financial years.

**Table Four: The number and amount of debt written off under the category of 'office error' for financial years from 2016/17 to 2018/19.**

Financial Year	Number of debts written off	Total amount of debt written off
2016/17	5,633	\$1,791,056
2017/18	6,706	\$2,868,269
2018/19	4,062	\$1,824,697

**Notes:**

- The following reasons were used to report the write-offs for the above table:
  - Office error for Student Allowance debt (Education Act 1989)
  - Office error for Benefit and Pensions debt (Social Security Act 2018)

The Ministry is focused on ensuring that clients receive their full and correct entitlement. The Ministry puts a strong emphasis on preventing overpayments by making sure clients are informed and reminded about their obligations to ensure they notify the Ministry of any changes to their circumstances. The Ministry has made it easier for clients to tell the Ministry about these changes through online services such as MyMSD.

The Welfare Expert Advisory Group produced the background paper titled 'Understanding Benefit Debt' in November 2018. This produces a comprehensive overview of benefit debt and how it is created, and is available at this link: [www.weag.govt.nz/assets/documents/WEAG-report/background-documents/eaadaa7c27/Understanding-benefit-debt-010419.pdf](http://www.weag.govt.nz/assets/documents/WEAG-report/background-documents/eaadaa7c27/Understanding-benefit-debt-010419.pdf)

The principles and purposes of the Official Information Act 1982 under which you made your request are:

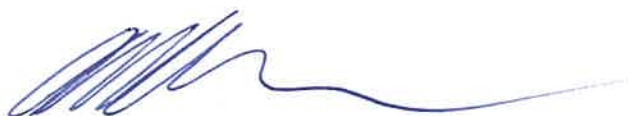
- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

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, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding overpayments, 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



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