



9 September 2022



Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 16 August 2022. You requested the following (numbered for ease of answering):

1. *What training is provided to people contracted to undertake child support administrative reviews? Please provide an overview of this training, as well as any policies that reviewers are expected to abide by following reviews. Specifically, I am interested to know whether they receive training in reading small business accounts and how to determine income from this.*
2. *What quality assurance or sign-out processes are in place for administrative review outcomes? I.e., what are the processes that IRD undertake to assure themselves reviewers are being, or remaining, unbiased in their conclusions with decisions made being based on all information presented to them, rather than bias judgement. If there is no quality assurance process in place, why not and what process is instead in place to ensure that reviews are completed in a fair and just manner.*
3. *If a reviewer does not follow process, how does IRD maintain oversight of this, or does it rely on a community member taking a case to the Family Court following the review process? Please advise process in place. For example, if a figure has been determined for income, but no rationale or calculation of how this figure was conceived included in the review outcome by the reviewer, is the only option lodging a case at Family Court despite the reviewer not following process.*
4. *In cases where there are additional biological children that a person has a duty to maintain, what is the policy that sits behind IRD not including additional children in calculations for ongoing years despite them being aware the additional children exist through previous review processes. This lack of ongoing recognition of additional children potentially deprives them financially while a review has to take place to get the additional children re-included in calculations. I.e., What is the policy and process behind them not being included each year for initial calculations when IRD become aware they are part of liable parent's duty to maintain.*
5. *In relation to business owners' income being determined during reviews:*
  - a. *What are the policies and processes IRD (or reviewers) follow to determine 'income' for business owners?*
  - b. *In cases where additional income is evidenced on financial accounts of business owners (e.g., drawings), what is the policy that ensures these are taken into account during administrative reviews as forming total income for calculations to be based from.*
  - c. *In cases where additional income is evidenced on financial records (e.g., drawings to a sole shareholder in addition to a salary), what are the policies in place for the child support unit to tell other parts of IRD that there is evidence of higher income being received or, high levels of savings. For example, when a parent is receiving accommodation supplement or Working for Families are received but total income showing on financial records for a child support review is higher than the threshold. If there is no process in*

*place for this information sharing, why not and are the other party of the review expected to 'anonymously report' (potentially making a fraught situation worse).*

6. *Legally, a parent's partner who is not the parent of the child does not have their income taken into account for calculations. If this is the case, what is the rationale and process around why Form IR178 includes asking for a partners' income and costs? Does IRD seek the partner's permission before releasing this private information to a third party and if not, why not. Please release any and all policies/procedures relating to the inclusion of a partner's income and subsequent release of this sensitive information to third parties.*

### **Question 1**

The training provided to Review Officers covers:

- The Child Support Act 1991
- The child support formula and the impacts of amending components of the formula
- Reading and understanding the reports provided by Inland Revenue
- Using the calculator which calculates liability and entitlement when components to the formula are amended.

In addition to the above, Review Officers will use relevant case law in making determinations.

Review Officers are not given specific training by Inland Revenue in how to read small business accounts but if required, have access to support from trained Inland Revenue Customer Compliance Specialist staff who deal regularly with business accounts.

### **Question 2**

All recommended decisions made by Review Officers, including those recommending no change to an assessment, follow a quality assurance process. This quality check is performed by Technical Specialists employed by Inland Revenue.

The quality check will consider the following points:

- Whether the ground has been established i.e., does it meet the special circumstances test (for grounds 1 to 10 only), just and equitable, and other proper criteria?
- Are the assessment details, facts of case etc correct?
- Does the decision breach anyone's privacy?
- Have the law and Inland Revenue's policies been followed?

In the event of a recommended decision to make a departure from a formula assessment the decision must meet the threshold of being just and equitable and must be fair to all parties. In considering whether a departure is just and equitable, the review officer must consider:

1. the objects of the Child Support Act 1991
2. any hardship caused by the recommendation
3. the income earning capacity of each party and child
4. costs incurred and any income forgone by the receiving carer in providing care

Further information on 'just and equitable' can be found in [section 105\(4\) of the Child Support Act](#).

### **Question 3**

If Inland Revenue has concerns or disagrees with the Review Officer's recommendation, then the Review Officer will be contacted to discuss and resolve the issues. If a resolution/agreement cannot be reached, the decision will be escalated to the Principal Review Officer.

The Principal Review Officer is responsible for making the final decision and can either:

- Accept the Review Officer's recommendations, or
- Direct that the case be re-heard by another Review Officer

If the Principal Review Officer determines that the case be re-heard by another Review Officer, the review support staff will inform the relevant parties and organise another hearing.

Where a party to a decision believes that insufficient explanation exists within the decision, they can ask Inland Revenue for this detail. Inland Revenue will provide the information where readily available or will ask the Review Officer for that detail.

#### **Question 4**

Where there is a child outside of a child support group included within an assessment resulting from a review departure, this decision will generally apply to a single child support year only. This is because Inland Revenue may not have systematic records of the child's status and the applicant's ongoing entitlement to continue to receive the departure.

Generally, departures are not made for future years if an assessment does not exist yet to consider. There are exceptions where it is clear that the reason for the departure will continue into the following year, e.g., a parent has already made a payment for a cost relating to the following year.

#### **Question 5a and 5b**

Review Officers will rely on the information presented to them by the parties and by Inland Revenue and will seek assistance from Inland Revenue in interpretation of accounts where necessary. Case law will also be referred to where appropriate. There are no specific policies and processes in place for a Review Officer to determine income for business owners.

Therefore, your request for policies and processes in place for a Review Officer to determine income for business owners is refused under section 18(e) of the OIA, as the document does not exist.

#### **Question 5c**

All information provided to the Commissioner of Inland Revenue as part of the review belongs to the Commissioner and can be used. A referral system is in place to enable this, where the officer determines it is appropriate. However, the primary purpose of the review is to establish details for child support purposes.

I note you have referenced the accommodation supplement, however this product is administered by Ministry of Social Development.

#### **Question 6**

A formula assessment not subject to a departure will include income only of the child's parents. Where an application for a review is made, particularly under Ground 8 which considers income and earning capacity, Section 105(5b) of the Child Support Act is relevant. This enables the Commissioner to consider income of a party who does not have a duty to support the child.

Permission is not required to be sought from the partner before releasing information to the other party. All information supplied (including any information supplied regarding a third party) must be exchanged under Section 96H of the Child Support Act. That information is then protected under Section 96P of the Child Support Act from publication.

### **Right of Review**

If you disagree with my decisions on your OIA request, you can ask an Inland Revenue review officer to review my decisions. To ask for an internal review, please email the Commissioner of Inland Revenue at: [CommissionersCorrespondence@ird.govt.nz](mailto:CommissionersCorrespondence@ird.govt.nz).

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: [info@ombudsman.parliament.nz](mailto:info@ombudsman.parliament.nz).

If you choose to have an internal review, you can still ask the Ombudsman or Privacy Commissioner for a review.

### **Publishing of OIA response**

Please note that Inland Revenue regularly publishes responses to requests that may be of interest to the wider public on its website. We consider this response is of public interest so will publish this response in due course. Your personal details or any information that would identify you will be removed prior to it being published.

Thank you again for your request.

Yours sincerely



Sue Gillies  
**Customer Segment Lead, Families**