



14 SEP 2018



Dear 

On 4 July 2018, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- 1. the numbers of working age main beneficiaries with a debt, the average amount of debt and the median amount of debt as at the end of the June year for each of the previous 15 years (or as far back as possible if figures back 15 years are unavailable).*
- 2. Could I also please obtain any annual figures for beneficiary household debt, and whether this debt has been increasing or decreasing since 2012?*

People who have received financial assistance from the Ministry may owe money to the Ministry through overpayments, recoverable assistance, or fraud.

Some financial assistance payments for essential or emergency needs are non-recoverable payments and do not create debt. Information about when assistance may be made recoverable rather than non-recoverable is available on the Work and Income website here: [www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/recoverable-or-non-recoverable-payment.html](http://www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/recoverable-or-non-recoverable-payment.html), and here: [www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/essential-needs.html](http://www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/essential-needs.html).

Recoverable assistance provides clients and people on low incomes with interest free loans to help them meet an immediate need for essential items, like paying late utility bills or rent, buying essential household appliances, or meeting urgent needs for children. Repayment arrangements are agreed at the outset, taking their circumstances and financial situation into account. The Ministry aims to ensure that clients make the best decisions regarding recoverable assistance to avoid creating debt.

Benefit overpayments are established when it is determined that a client has received payments to which they were not entitled. Most overpayments occur because clients delay or fail to inform Work and Income of a change in their circumstances. Online services, such as MyMSD, help to prevent debt by making it easier for clients to notify Work and Income about changes in their circumstances.

Overpayments may also be established as a result of a benefit fraud investigation, data matching and benefit fraud prosecutions. The Ministry works hard to protect the integrity of the welfare system to ensure it remains fair for all New Zealanders, which can include prosecution where clear evidence of fraud exists.

The Ministry has a legislative duty to take all practicable steps to recover debt, with exceptions to this duty only where the debts are; caused by administrative error; uneconomic to recover; remitted or suspended under regulations; or written off for public finance purposes. Debt that is written off is provisional and in some circumstances may be reactivated.

The Ministry has some discretion in determining the method and rate of recovery, or in exceptional circumstances temporarily deferring recovery. When managing debt recovery from current and former clients, the Ministry considers their financial situation when negotiating repayments to avoid causing further hardship.

Please find enclosed a table showing the number of current working age main benefit clients with debt owed to the Ministry, showing clients' mean and median total debt levels as at the end of June from 2003 to 2018.

You will notice that there is a rise in the number of clients with a debt between 2008 and 2010. This correlates to the Global Financial Crisis and the Ministry's response at the time to support a large number of people who were in financial hardship. Since then, the number of working age main benefit clients' with a debt owed to the Ministry has been relatively stable.

The Ministry is unable to answer your request for annual figures for beneficiary household debt both defined as a client's household debt including mortgage loans, consumer loans, and student loans and a client household's debt defined as the combined debt of all people in a household. The former is unable to be provided under section 18(g) of the Act as this information is not held by the Ministry and I have no grounds to believe that the information is held by another department or Minister of the Crown or organisation. The latter is unable to be provided under section 18(f) of the Act as this information is held in notes on individual case files. In order to provide you with this information Ministry staff would have to manually review thousands of files. The greater public interest is in the effective and efficient administration of the public service.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

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 and attachments 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 debt, 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

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Kay Read

**Group General Manager Client Service Delivery**

**The number of current working age main benefit clients' with debt owed to Ministry of Social Development, showing clients mean and median total debt levels as at end of June from 2003 to 2018.**

Year end	Total clients	Outstanding debt	
		Mean debt	Median debt
Jun-03	146,143	\$1,726	\$465
Jun-04	148,499	\$1,734	\$500
Jun-05	146,834	\$1,794	\$540
Jun-06	144,699	\$1,857	\$580
Jun-07	134,688	\$1,942	\$604
Jun-08	135,170	\$2,040	\$657
Jun-09	166,665	\$2,080	\$726
Jun-10	189,744	\$2,106	\$744
Jun-11	188,860	\$2,179	\$720
Jun-12	183,011	\$2,356	\$736
Jun-13	185,480	\$2,425	\$761
Jun-14	183,603	\$2,444	\$759
Jun-15	180,823	\$2,514	\$767
Jun-16	181,199	\$2,622	\$825
Jun-17	182,607	\$2,814	\$911
Jun-18	188,025	\$3,034	\$1,006

**Notes:**

- The table includes working age only (18 to 64 years)
- Main Benefits exclude NZ Superannuation, Veteran's Pension, Non-Beneficiary assistance, Orphan's Benefit and Unsupported Child's Benefit.
- Amounts have been rounded to the nearest whole dollar value.
- Mean is the average value (sum of values divided by the number of values). Median is the middle value of all values.