



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

18 MAR 2021

On 23 January 2021, you emailed the Office of the Minister for Social Development and Employment, Hon Carmel Sepuloni, requesting under the Official Information Act 1982 (the Act) the following information:

1. *What reasons exist that allow the Chief Executive of MSD to write off MSD debts under the Public Finance Act?*
2. *How many times, in each of the previous 5 years has this write off been performed for each of the reasons mentioned above?*
3. *What is the debt paid/recovered to debt written off ratio broken down in the following categories:*
  - A. *People no longer on a benefit.*
  - B. *Each of the reasons listed in question 1.*
4. *Is there any information around the average time it takes for Non-Beneficiaries to pay off ALL MSD debt, which is managed by MSD's internal collections unit? (Instances where people have gone back to receiving a benefit and/or had the debt written off under the Public Finance Act can be excluded completely. All cases that may have had debt written off [in full or partial] beyond the scope of the Public Finance Act, can be deemed as paid).*
5. *Are there any other instances where MSD debt can be written off other than those mentioned under the Public Finance Act AND outside Regulation 208 of the Social Security Regulations 2018?*
6. *What is the written off value per year; for each of those reasons above; for the previous 5 years?*

On 27 January 2021, your request was transferred to the Ministry of Social Development (the Ministry) in full for response because the information to which your request relates to is operational in nature.

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

*1. What reasons exist that allow the Chief Executive of MSD to write off MSD debts under the Public Finance Act?*

The Ministry is required by law to recover debt. As outlined under Regulation 208 of the Social Security Regulations 2018, the Ministry can normally write off debt only if it resulted from an error that the debtor had not intentionally contributed to.

If it is established that the debt was created by error, the Ministry considers all the following criteria to determine whether writing off the debt is the appropriate course of action. These are:

- whether the debtor intentionally contributed to the error
- whether there's any change in the debtor's position
- whether the money was received in good faith
- whether it would be inequitable, given all the circumstances, to recover the debt.

The Chief Executive of the Ministry also has the authority to write off certain debts under the Public Finance Act 1989. As outlined in the Ministry's instrument document, this is where all reasonable practical steps to recover the debt have been taken and where all avenues have been exhausted. This authority may be used, for example when:

- the debtor has died and the estate is insolvent,
- the debtor becomes bankrupt or an Official Assignee has recognised under the No Asset Procedure that the person is insolvent with no realisable assets
- the debt or debtor is not provable
- there has been an exchange rate loss
- the debt is statute-barred
- the debt is unrecoverable due to estoppel
- the debtor is part of the witness protection programme.

A copy of the Social Security Regulations 2018 is available online at the following link: [www.legislation.govt.nz/regulation/public/2018/0202/latest/whole.html#LMS96767](http://www.legislation.govt.nz/regulation/public/2018/0202/latest/whole.html#LMS96767)

A copy of the Public Finance Act 1989 is available online at the following link: [www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html](http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html)

*2. How many times, in each of the previous 5 years has this write off been performed for each of the reasons mentioned above?*

Please find attached **Table One:** The reason and number of debt write-offs for current and former clients, broken down by financial years 2016 to 2020.

*3. What is the debt paid/recovered to debt written off ratio broken down in the following categories:*

- A. People no longer on a benefit.*

Please find attached **Table Two**: Debt recovered compared to debt written off for former clients, broken down by financial years 2016 to 2020.

*B. Each of the reasons listed in question 1.*

Please find attached **Table Three**: Debt recovered compared to debt written off for current and former clients, broken down by write off reason, for financial years 2016 to 2020.

4. *Is there any information around the average time it takes for Non-Beneficiaries to pay off ALL MSD debt, which is managed by MSD's internal collections unit? (Instances where people have gone back to receiving a benefit and/or had the debt written off under the Public Finance Act can be excluded completely. All cases that may have had debt written off [in full or partial] beyond the scope of the Public Finance Act, can be deemed as paid).*

The Ministry doesn't report on the average time it takes for non-beneficiaries to pay off all their debt as the Ministry is not focused on recovering debt within a set time frame. The Ministry seeks a repayment amount based on the individual's ability to repay.

Therefore, I am unable to provide you with this information on the average time it takes for non-beneficiaries to pay off all debt. Ministry staff would have to manually review thousands of individual files. I refuse 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.

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.

5. *Are there any other instances where MSD debt can be written off other than those mentioned under the Public Finance Act AND outside Regulation 208 of the Social Security Regulations 2018?*

No other instances apply where the Ministry debt can be written off.

6. *What is the written off value per year; for each of those reasons above; for the previous 5 years?*

Please find attached **Table Four**: Debt write-off reasons and values for current and former clients, broken down by financial years 2016 to 2020.

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

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. 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 Ministry debts under the Public Finance Act, 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.

Ngā mihi nui

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke.

George Van Ooyen  
**Group General Manager**  
**Client Service Support**

**Table One: The reason and number of debt write-offs for current and former clients, broken down by financial years 2016 to 2020**

| Write-off reason                     | Financial Year |               |               |               |               |
|--------------------------------------|----------------|---------------|---------------|---------------|---------------|
|                                      | 2016           | 2017          | 2018          | 2019          | 2020          |
| Accidental Debt                      | 1,628          | 1,142         | 1,466         | 1,143         | 1,052         |
| Debt/Debtor Not Provable             | 8              | 16            | 26            | 19            | 8             |
| Debtor Insolvent - Bankruptcy or NAP | 2,210          | 2,650         | 2,718         | 3,376         | 2,294         |
| Deceased - estate wound up           | 2,807          | 2,821         | 5,359         | 7,034         | 5,875         |
| Regulation 208 (SSA 2018)            | 5,795          | 6,330         | 7,915         | 5,505         | 4,091         |
| Small Balance Write off              | 11,052         | 10,985        | 12,255        | 10,713        | 10,333        |
| Statute-Barred                       | 0              | 1             | 1             | 1             | 3             |
| Unrecoverable due to Estoppel        | 104            | 62            | 57            | 54            | 41            |
| Witness Protection                   | 0              | 0             | 0             | 7             | 0             |
| Other                                | 324            | 811           | 558           | 364           | 788           |
| <b>Total for Financial Year</b>      | <b>23,928</b>  | <b>24,818</b> | <b>30,355</b> | <b>28,216</b> | <b>24,485</b> |

**Note for Table One:**

- SSA stands for Social Security Act
- NAP stands for No Asset Procedure
- Prior to 2018, Regulation 208 was Section 86(9)A under the SSA 1964.

**'other' is made up of:**

- Special Needs Grants are now made non-recoverable
- Assets seized by police
- Directed not to recover
- Exchange rate loss
- Agent insolvent
- Written off in MSD system - reason unknown.

**Table Two: Debt recovered compared to debt written off for former clients, broken down by financial years 2016 to 2020**

| Debt activity | Financial Year |              |              |              |              |
|---------------|----------------|--------------|--------------|--------------|--------------|
|               | 2016           | 2017         | 2018         | 2019         | 2020         |
| Recovered     | \$86,519,902   | \$86,073,085 | \$95,745,289 | \$93,899,674 | \$77,347,135 |
| Written off   | \$13,340,144   | \$17,713,688 | \$16,349,704 | \$17,988,859 | \$15,079,024 |
| Ratio         | 13%            | 17%          | 15%          | 16%          | 16%          |



**Table Three: Debt recovered compared to debt written off for current and former clients, broken down by write off reason, for financial years 2016 to 2020**

|                               | Financial Year |               |               |               |               |
|-------------------------------|----------------|---------------|---------------|---------------|---------------|
|                               | 2016           | 2017          | 2018          | 2019          | 2020          |
| <b>Total Amount Recovered</b> | \$293,596,607  | \$294,372,630 | \$319,792,048 | \$322,863,888 | \$351,550,541 |
| <b>Write-off reason</b>       |                |               |               |               |               |
| Accidental Debt               | \$2,576,376    | \$1,954,004   | \$1,374,882   | \$903,371     | \$623,024     |
|                               | 0.87%          | 0.66%         | 0.43%         | 0.28%         | 0.18%         |
| Debt/ debtor not proven       | \$42,206       | \$64,109      | \$122,956     | \$31,393      | \$48,385      |
|                               | 0.01%          | 0.02%         | 0.04%         | 0.01%         | 0.01%         |
| Insolvent                     | \$3,352,871    | \$3,496,692   | \$4,368,418   | \$5,268,234   | \$4,500,324   |
|                               | 1.13%          | 1.17%         | 1.35%         | 1.61%         | 1.26%         |
| Deceased, estate wound up     | \$8,875,072    | \$9,744,346   | \$10,339,597  | \$11,344,758  | \$9,339,118   |
|                               | 2.93%          | 3.20%         | 3.13%         | 3.39%         | 2.59%         |
| Regulation 208                | \$2,790,034    | \$2,515,851   | \$4,098,527   | \$3,010,220   | \$2,394,619   |
|                               | 0.94%          | 0.85%         | 1.27%         | 0.92%         | 0.68%         |
| Small Balance                 | \$194,378      | \$202,396     | \$224,318     | \$176,074     | \$178,307     |
|                               | 0.07%          | 0.07%         | 0.07%         | 0.05%         | 0.05%         |
| Statute Barred                | \$0            | \$7,933       | \$56,422      | \$505         | \$1,888       |
|                               | 0.00%          | 0.00%         | 0.02%         | 0.00%         | 0.00%         |
| Unrecoverable, estoppel       | \$159,968      | \$115,774     | \$96,198      | \$93,058      | \$71,622      |
|                               | 0.05%          | 0.04%         | 0.03%         | 0.03%         | 0.02%         |
| Witness protection            | \$0            | \$0           | \$0           | \$4,604       | \$0           |
|                               | 0.00%          | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Other                         | \$91,050       | \$3,756,521   | \$275,431     | \$230,473     | \$199,407     |
|                               | 0.03%          | 1.26%         | 0.09%         | 0.07%         | 0.06%         |

**Note 'other' is made up of:**

- Special Needs Grants are now made non-recoverable; assets seized by police; directed not to recover; exchange rate loss; agent insolvent; written off in SWIFTT - reason unknown

**Table Four: Debt write-off reasons and values for current and former clients, broken down by financial years 2016 to 2020**

| Write-off Reason                     | Financial Year         |                        |                        |                        |                        |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                      | 2016                   | 2017                   | 2018                   | 2019                   | 2020                   |
| Accidental Debt                      | \$2,576,376.44         | \$1,954,004.29         | \$1,374,882.43         | \$903,370.59           | \$623,023.93           |
| Debt/Debtor Not Provable             | \$42,205.84            | \$64,109.44            | \$122,956.24           | \$31,392.75            | \$48,385.11            |
| Debtor Insolvent - Bankruptcy or NAP | \$3,352,870.85         | \$3,496,692.38         | \$4,368,417.59         | \$5,268,234.10         | \$4,500,323.83         |
| Deceased - estate wound up           | \$8,875,071.70         | \$9,744,345.98         | \$10,339,596.97        | \$11,344,758.23        | \$9,339,117.69         |
| Regulation 208 (SSA 2018)            | \$2,790,034.38         | \$2,515,851.23         | \$4,098,527.41         | \$3,010,220.48         | \$2,394,619.29         |
| Small Balance Write off              | \$194,377.97           | \$202,396.21           | \$224,317.66           | \$176,074.11           | \$178,307.26           |
| Statute-Barred                       | \$0.00                 | \$7,932.68             | \$56,421.79            | \$505.00               | \$1,887.87             |
| Unrecoverable due to Estoppel        | \$159,968.19           | \$115,773.61           | \$96,197.91            | \$93,058.31            | \$71,622.17            |
| Witness Protection                   | -                      | -                      | -                      | \$4,604.48             | -                      |
| Other                                | \$91,050.28            | \$3,756,521.32         | \$275,431.03           | \$230,473.45           | \$199,407.71           |
| <b>Total for Financial Year</b>      | <b>\$18,081,955.65</b> | <b>\$21,857,627.14</b> | <b>\$20,956,749.03</b> | <b>\$21,062,691.50</b> | <b>\$17,356,694.86</b> |

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