



26 June 2023

Tēnā koe

On 25 May 2023, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- *Does MSD have a record of total debt owed by clients over the years?*

I can see it is listed in the 2022 Annual report for that year and the one prior, but previous annual reports don't mention the total debt number.

So is that information available anywhere? I'd just be after it for the past 10 years or so, if that's not too difficult to find.

The Ministry does have a record of total debt owed by clients for the past ten years. Please see the **Appendix** for a table showing the total debt balance owed by clients to the Ministry for the period 2013 to 2023.

There are a range of reasons people might owe the Ministry money. A debt may be established because of recoverable assistance, an overpayment or fraud.

Recoverable assistance

Recoverable assistance provides people with interest free loans to help them meet an immediate need for essential items or services, like paying late utility bills or rent, buying essential household appliances, or meeting other urgent needs.

The Ministry grants this assistance to eligible people who are not able to meet the cost from their own resources, or other sources. Repayment arrangements are agreed with the client at the time assistance is granted, taking their individual circumstances and financial situation into account.

The Ministry aims to ensure that clients make the best decisions regarding recoverable assistance to avoid creating unnecessary debt, and considers a range of factors, including:

- the circumstances of the client and their dependents
- the amount of existing MSD debt
- the effect the rate of recovery will have on the client's ability to support themselves and their dependents
- the effect the rate of recovery will have on the client's ability to fulfil their work and social obligations
- the ability to gain access to further advances and recoverable assistance in the future.

Benefit overpayments

An overpayment is established when a person has received benefit payments to which they were not entitled. If a client has been overpaid, Ministry staff will discuss this with them on a case-by-case basis.

There is no interest charged on an overpayment. Online services, most notably *MyMSD*, make it easier for clients to notify the Ministry about changes in circumstances that affect their benefit entitlement or rate of payment.

The legislative basis for establishing an overpayment can be found in Sections 304 to 306 of the Social Security Act 2018 (SSA 2018), which gives the Ministry the power to review a person's entitlement to past benefit payments.

The legislative basis for recovering an overpayment can be found in Section 362 of the SSA 2018, which states that the Ministry has a duty to take all reasonably practicable steps to recover debts arising from overpayment. The factors Ministry staff consider when deciding to make an overpayment recoverable are set out in Regulation 208 of the Social Security Regulations 2018. You can find the legislation above at the links below:

- <https://www.legislation.govt.nz/act/public/2018/0032/latest/DLM6783774.html>
- <https://www.legislation.govt.nz/act/public/2018/0032/latest/DLM6783775.html>
- <https://www.legislation.govt.nz/act/public/2018/0032/latest/DLM6783776.html>
- <https://www.legislation.govt.nz/act/public/2018/0032/latest/DLM6783865.html>
- <https://www.legislation.govt.nz/regulation/public/2018/0202/latest/LMS96767.html>

Fraud overpayments

In some cases, overpayments are the 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.

The Ministry has a dedicated team of specialist fraud investigators throughout the country, and an Intelligence team that identifies emerging fraud risks and trends. The Ministry also works with other government agencies to identify and reduce incidents of fraud and investigate cases which arise through allegations from members of the public. Where clear evidence of fraud exists, the Ministry will prosecute.

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. The Ministry will do this by publishing this letter on the Ministry'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.

If you are not satisfied with this response about total client debt over the past ten financial years, 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.

Ngā mihi nui



George van Ooyen

Group General Manager Client Service Support



Appendix

Table: Total debt balance owed by clients to the Ministry for the period 2013 to 2023 (up to 31 March 2023).

| As at the end of financial year | Total debt balance |
|--|---------------------------|
| 2012/2013 | \$1.162b |
| 2013/2014 | \$1.223b |
| 2014/2015 | \$1.280b |
| 2015/2016 | \$1,343,399,475 |
| 2016/2017 | \$1,429,312,727 |
| 2017/2018 | \$1,536,587,563 |
| 2018/2019 | \$1,687,727,719 |
| 2019/2020 | \$1,833,027,857 |
| 2020/2021 | \$1,995,236,889 |
| 2021/2022 | \$2,195,004,325 |
| 2022/2023 (Up to end of March 2023) | \$2,362,152,957 |

Notes

- Debt balances are the amount owed by clients as at the end of each financial year.
- The Ministry of Social Development's financial year commences on the 1st of July and ends on the 30th of June.
- This data only includes debt owing by both current and non-current clients.
- Debt balances are subject to change over time.
- The figures used for debt balances in the period 2012 to 2015 are rounded.
- Client Transaction Audit Trial (CTAT) data mart has only become available in 2020. This allows MSD to report on client debt information consistently from financial year 2020/21.
- Prior to financial year 2020/21, Legacy Audit Trial (LAT) was used to report on client debt information. LAT has been de-commissioned and replaced by CTAT.
- Data from LAT cannot be replicated. The numbers prior to financial year 2020/21 came from previously published reports.