



18 MAY 2018

[REDACTED]

Dear [REDACTED]

On 13 March 2018, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- 1. A breakdown of the top 10 biggest debts owing from overpayments/incorrect payments of benefits both nationally and within the Wellington region.*
 - 2. Please include the year the debt was first incurred, type of benefit, the total amount owed, how much money has been paid back and the rate at which it is being paid back (per week).*
 - 3. Please also indicate whether or not the debtor is still receiving any kind of Work and Income New Zealand/Ministry of Social Development benefit at the current time also.*
 - 4. If the department has access to the total amount owing due to overpayments/incorrect payments of benefits across the board each year for the past three years, I ask that you include these figures also.*
 - 5. If a conviction has resulted in any of the cases, or a police investigation has been launched, please outline any information you have on this in your response.*
- If there is anything in the spirit of this request which hasn't been requested but could be relevant to it, I ask that you include this detail in your response.*

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

The largest debts to the Ministry, both nationally and in the Wellington region, are the result of the successful detection of fraud by Ministry investigators. The Ministry takes a strong approach when there is evidence of criminal activity.

Recoverable assistance provides beneficiaries 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. Overpayments occur for a variety of reasons, which may include when 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 and data matching. 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 dedicated team of specialist fraud investigators throughout the country, and an Intelligence team that identifies emerging fraud risks and trends. The Ministry works with other government agencies to identify and reduce incidents of fraud and also investigate cases which arise through allegations from members of the public.

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 some cases 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.

Our systems for recording debt when a client is on benefit or when they leave benefit do not enable us to easily breakdown a clients total debt into specific components, eg overpayment, recoverable assistance, without significant manual reconciliation. For this reason the Ministry is unable to provide you with the ten biggest debts specifically owing from overpayments/incorrect payments of benefits, either nationally or within the Wellington region. In order to determine the highest individual debts by reason Ministry staff would have to manually review thousands of files. As such I refuse your request under section 18(f) of the Official Information 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.

However, in lieu of providing this information, the attached Tables One and Two show a breakdown of the ten biggest debts owed as at 31 December 2017, nationally and in the Wellington Region respectively. All clients associated with these debts currently receive a main benefit or New Zealand Superannuation.

Please note for Table One and Two, the debt amounts are in respect of all debts incurred by the client, and may include debts that are not due to overpayments such as debts related to recoverable assistance payments recieved by the client.

Provision of the year that each debt was first incurred, the amount of money that has been paid back, the rate at which it is being paid back and specific information about the outcomes of prosecutions may enable the identification of the individuals concerned. As such, this information is refused under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

However, I can inform you that of the ten clients with the highest debts nationally, nine have been convicted and sentenced to prison or home detention and one has an active prosecution. Of the ten clients with the highest debts in the Wellington Region,

six were prosecuted, with one case being dismissed and five being convicted and sentenced to prison or home detention.

Table Three shows the total debt balances owed to the Ministry by current and former clients, broken down by debt type in the financial years ending June 2015 to June 2017.

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.

If you are not satisfied with this response, 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.

Yours sincerely



Dwina Dickinson
Group General Manager Client Service Support

Table One: The ten largest debts owed nationally as at 31 December 2017.

Debt by ranking	Debt amount
1	\$614,244.45
2	\$443,775.28
3	\$382,492.38
4	\$338,025.89
5	\$302,938.71
6	\$296,765.16
7	\$294,757.55
8	\$288,593.63
9	\$256,172.20
10	\$245,314.14

Table Two: The ten largest debts owed in the Wellington Region as at 31 December 2017.

Debt by ranking	Debt amount
1	\$202,616.81
2	\$179,903.19
3	\$179,785.35
4	\$179,140.49
5	\$170,809.72
6	\$168,067.31
7	\$162,996.23
8	\$162,100.48
9	\$147,950.55
10	\$144,395.85

Notes for Table One and Two:

- The debt amounts are in respect of all debts incurred by the client, and may include debts that are not due to overpayments.

Table Three: Total debt balances owed to the Ministry by current and former clients, broken down by debt type in the financial years ending June 2012 to June 2017

Debt reason	Year		
	2015	2016	2017
Overpayments	\$673.8 m	\$708.6 m	\$739.0 m
Recoverable assistance	\$423.6 m	\$440.6 m	\$486.2 m
Fraud	\$182.6 m	\$194.3 m	\$204.1 m
Total	\$1.28 b	\$1.34 b	\$1.43 b

Note:

- This data includes current and former Ministry clients and providers such as Childcare Centres. The information provided in this table is reported from the Ministry's Legacy Audit Trail system. This is a financial management system that provides a high level financial picture of debt transactions and collection activities in our operational systems.