



12 AUG 2016



On 4 July 2016 you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *The figures for debt owed to the Ministry for each financial year since 1999/2000 (or the earliest such year available) by total and broken down by: Recoverable assistance loans; benefit overpayments; and fraud.*

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

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. 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 dedicated team of specialist fraud investigators throughout the country, and an Intelligence team that identifies emerging fraud risks and trends. We work 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 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.

The debt balances provided to you in the attached table are from the Ministry's Legacy Audit Trail system. This is a financial management system introduced from 1 July 2007 to comply with financial reporting standards. It provides a financial picture of our debt transaction and collection activities.

The table enclosed shows the amount of debt owed broken down by recoverable assistance, benefit overpayments and fraud as at the end of the 2007/08 financial year onwards, when the Legacy Audit Trail reporting was established.

I hope you find this information helpful. You have the right to seek an investigation and review of my response by the Ombudsman, whose address for contact purposes is:

The Ombudsman  
Office of the Ombudsman  
PO Box 10-152  
WELLINGTON 6143

Yours sincerely



Ruth Bound  
**Deputy Chief Executive, Service Delivery**

**Debt owed to the Ministry of Social Development as at the end of each financial year by total and broken down by recoverable assistance, benefit overpayments, and fraud.**

<b>As at end of financial year</b>	<b>Recoverable assistance</b>	<b>Benefit overpayments</b>	<b>Fraud</b>	<b>Total</b>
<b>2007/08</b>	\$353,102,655	\$427,315,578	\$56,426,153	<b>\$836,844,386</b>
<b>2008/09</b>	\$378,608,265	\$450,967,115	\$60,501,975	<b>\$890,077,355</b>
<b>2009/10</b>	\$410,458,875	\$484,008,861	\$65,591,734	<b>\$960,059,470</b>
<b>2010/11</b>	\$411,340,323	\$523,293,254	\$86,712,231	<b>\$1,021,345,808</b>
<b>2011/12</b>	\$407,513,727	\$576,316,507	\$106,253,725	<b>\$1,090,083,959</b>
<b>2012/13</b>	\$414,011,613	\$619,806,716	\$127,971,902	<b>\$1,161,790,231</b>
<b>2013/14</b>	\$421,309,114	\$639,579,569	\$162,350,525	<b>\$1,223,239,208</b>
<b>2014/15</b>	\$423,556,517	\$673,820,588	\$182,643,037	<b>\$1,280,020,142</b>

**Note:**

- The data includes current and former Ministry clients and providers such as Childcare Centres.
- The data has been produced from Legacy Audit Trail (LAT) reporting. LAT information provides a fuller picture of debt owed to the Ministry and takes into account debt owed by current and former clients.