



23 JUL 2020

Tēnā koe

On 3 April 2020, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982, the following information:

1. *Quarterly data from 2008 to 2020 for the total number of current working age main benefit recipients with debt owed to MSD.*
2. *Quarterly data from 2008 to 2020 for the mean and median outstanding debt owed to MSD among current working age main benefit recipients.*
3. *Quarterly data from 2008 to 2020 showing a breakdown of total debt balances owed to the Ministry by debt reason (i.e. overpayment, recoverable assistance or fraud).*
4. *Quarterly data from 2008 to 2020 showing the total value of main benefit debts written off versus the total value of super annuitant debt written off.*

On 6 April 2020, the Ministry informed you that because the Ministry was focusing its resources on supporting New Zealanders through COVID-19 by administering welfare support, an extension was required, and therefore, you could expect a response by 6 July 2020.

On 11 May 2020, you confirmed that you were happy to receive annual data from 2008 to 2019 for the above questions. Additionally, you added on the following questions:

5. *Annual data from 2008 to 2020 for the extent of annual debt repayments to MSD by current working age main benefit recipients.*
6. *Annual data from 2008 to 2020 for new indebtedness to MSD among current working age main benefit recipients.*

On 18 May 2020, you agreed to remove question six from your request, as the data from the other questions will answer the intent of the question.

On 3 July 2020, you were notified of the Ministry's decision to grant your request, however, further time was required to provide an answer, and therefore, you would receive an answer on or before 23 July 2020.

There are a range of reasons people might owe the Ministry money, for example, because they have received a recoverable hardship loan or because they have received benefit payments to which they were not entitled. Additionally, in some

There are a range of reasons people might owe the Ministry money, for example, because they have received a recoverable hardship loan or because they have received benefit payments to which they were not entitled. Additionally, in some cases, overpayments are established as a result of receiving new client information from other Crown agencies or following a fraud investigation. 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.

When the Ministry establishes a benefit overpayment, it is reviewed to determine whether the debt should be recovered or written off due to an office error. The matters staff take into account when making this decision are set out in regulation 208 of the Social Security Regulations 2018. You can access this information here: www.legislation.govt.nz/regulation/public/2018/0202/latest/LMS96210.html.

When managing the recovery of debt, the Ministry differentiates between current and former clients. Current clients are people receiving financial help from Work and Income and debt repayments are made through agreed regular deductions from their benefit. The rate of debt recovery considers the client's circumstances and their ability to repay the debt without causing undue hardship. The Ministry tracks these clients in a Benefit Assessment and Payment system called SWIFTT (Social Welfare Information For Tomorrow Today).

Former clients are people who no longer receive financial assistance from Work and Income but still have a debt to repay. The Ministry's Client Support Debt Management Unit manages the collection of debt from former clients through a range of actions. These include contacting former clients by letter and telephone to negotiate voluntary payments or when required, considering enforcement powers to make direct deductions from their income. Again, the rate of debt recovery will take full account of a client's ability to repay. The Ministry uses a system called TRACE (Tracking Recover and Collection Enforcement) to facilitate debt management and payment receipting of former clients.

The Ministry has a legislative duty to undertake all reasonably practicable steps to recover debt, with discretion available only in determining the method and rate of recovery or in some cases, temporarily deferring recovery.

For more information about the Ministry's debt write-off process and criteria, please visit the following link: www.workandincome.govt.nz/map/income-support/core-policy/current-client-debt/debt-write-off-criteria.html.

For the sake of clarity, your questions are answered in turn.

1. *Annual data from 2008 to 2020 for the total number of current working age main benefit recipients with debt owed to MSD.*
2. *Annual data from 2008 to 2020 for the mean and median outstanding debt owed to MSD among current working age main benefit recipients.*

Table One on the following page outlines the number of working age, main benefit recipients with debt and the amount of debt owed to the Ministry.

Table One: The number of working age, main benefit clients with debt in SWIFTT and the amount of debt owed, as at the end of March from 2008 to 2020, broken down by mean and median debt

Year Ending March	Number of Clients	Total Debt	Average (Mean) Debt	Median Debt
March 2008	124,117	\$248,654,718.47	\$2,003.39	\$645.23
March 2009	144,770	\$297,252,061.46	\$2,053.27	\$722.10
March 2010	169,410	\$350,278,656.03	\$2,067.64	\$743.39
March 2011	178,454	\$377,858,892.37	\$2,117.40	\$733.40
March 2012	171,712	\$388,776,742.26	\$2,264.12	\$730.00
March 2013	170,093	\$404,366,959.96	\$2,377.33	\$769.60
March 2014	170,765	\$406,318,484.34	\$2,379.40	\$759.00
March 2015	166,032	\$409,035,165.21	\$2,463.59	\$767.80
March 2016	166,928	\$424,938,881.84	\$2,545.64	\$799.37
March 2017	170,343	\$466,518,729.58	\$2,738.70	\$897.67
March 2018	170,946	\$502,072,042.71	\$2,937.02	\$986.24
March 2019	184,148	\$597,262,951.80	\$3,243.39	\$1,151.70
March 2020	204,302	\$743,900,079.91	\$3,641.18	\$1,356.43

Notes for Table One:

- Debt data is reported at a point in time
- SWIFTT debtors are anyone on a benefit or pension as at the appropriate year end with outstanding debts
- This does not include people with suspended or expired benefits
- The working age is 18 to 64 years old
- Main benefits exclude New Zealand Superannuation, Veteran's Pension, Non-Beneficiary assistance, Orphan's Benefit and Unsupported Child's Benefit

3. *Annual data from 2008 to 2020 showing a breakdown of the number of current clients and total debt balances owed to the Ministry by debt reason (i.e. overpayment, recoverable assistance or fraud).*

It is important to note that when debt is established, the Ministry knows whether that debt is the result of recoverable assistance, an overpayment or fraud. However, as a person transfers on and off the benefit the debt balances are consolidated into a single debt amount, therefore, the Ministry cannot accurately distinguish the reason for the debt.

When a client exits the benefit system, their information is transferred from SWIFTT to TRACE. TRACE only tracks the amount of debt the non-client owes to the Ministry. Therefore, I am refusing your request under section 18(g) of the Official Information Act as the reason non-clients owe debt to the Ministry is not held once a client exits the benefit system and I have no grounds to believe that the information is held by another department or Minister of the Crown or organisation.

Furthermore, in order to provide you with the reason clients owe debt to the Ministry, Ministry staff would have to manually review thousands of client files in SWIFTT to sort out the reason(s) they would owe money to the Ministry. As such, I refuse your request under section 18(f) of the Official Information Act for substantial

manual collation. 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.

4. *Annual data from 2008 to 2020 showing the total value of main benefit debts written off versus the total value of super annuitant debt written off*

Please note, a proportion of overpayments for New Zealand Superannuation and main benefits are written off each year for a range of reasons, including where an error has occurred that the client did not intentionally contribute to. The Ministry can provide a snapshot of these debt write offs.

The Ministry applies the same processes for all those who receive income support, whether they receive welfare benefits or pensions.

Table Two below compares the amount of main benefit debt write-offs to the amount of New Zealand Superannuation and Veteran's Pension debt write-offs.

Table Two: The amount of debt written off from the Ministry's clients in SWIFTT for main benefit, New Zealand Superannuation (NZS) and Veteran's Pension (VP) for the year ending in March from 2008 to 2020

Year Ending March	Main Benefit	NZS / VP
March 2008	\$935,658	\$419,263
March 2009	\$955,904	\$300,975
March 2010	\$1,392,529	\$462,280
March 2011	\$1,272,071	\$807,765
March 2012	\$880,763	\$229,762
March 2013	\$732,336	\$433,862
March 2014	\$802,727	\$492,112
March 2015	\$863,298	\$604,619
March 2016	\$895,874	\$930,970
March 2017	\$873,210	\$735,341
March 2018	\$1,268,912	\$931,732
March 2019	\$943,209	\$1,004,150
March 2020	\$713,060	\$581,805

Notes for Table Two:

- Debt data is reported at a point in time
- SWIFTT debtors are anyone on a benefit or pension as at the appropriate year end with outstanding debts

5. *Annual data from 2008 to 2020 for the extent of annual debt repayments to MSD by current working age main benefit recipients.*

As discussed on 18 May 2020, the Ministry can provide a weekly snapshot of offsets against current clients. In order to collate an annual total, the Ministry would have to manually review thousands of files, as the number of clients on various benefits changes frequently. As such, I refuse this part of 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.

Table Three below provides you with a weekly snapshot of the total debt offsets from the last week of March from 2008 to 2020.

Table Three: The weekly amount of debt offsets for the Ministry's clients in SWIFTT that are working age, main benefit recipients as at the end of March for 2008 to 2020

Year Ending March	Total Debt Offsets
2008	\$1,806,892.35
2009	\$2,119,355.61
2010	\$2,491,187.91
2011	\$2,568,504.37
2012	\$2,319,955.01
2013	\$2,092,328.68
2014	\$2,111,253.64
2015	\$2,058,429.12
2016	\$2,014,347.58
2017	\$2,103,991.60
2018	\$2,112,066.56
2019	\$2,454,344.61
2020	\$2,761,832.43

Notes for Table Two:

- Debt data is reported at a point in time
- SWIFTT debtors is anyone current on a benefit or pension with outstanding debts
- The working age is 18 to 64 years old
- Main benefits exclude New Zealand Superannuation, Veteran's Pension, Non-Beneficiary assistance, Orphan's Benefit and Unsupported Child's Benefit

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 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 regarding debt owed to the Ministry, 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



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