



18 November 2022

Tēnā koe

On 17 October 2022, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- 1. How much money has MSD paid in compensation to motel owners for damages/thefts etc caused by clients since 2020 in total?*
- 2. What are the top five largest single compensation payments by amount, what was the payment for, and which motels received the payments?*
- 3. What are the five single smallest payments by amount, what was the payment for, and which motels received the payments?*

Demand for housing across New Zealand is growing and more people are experiencing a severe and immediate need. This demand is generated by a shortage of affordable housing driving up house prices and rents. People on low incomes are most affected by rising housing costs and many seek financial help through the Ministry.

The Emergency Housing Special Needs Grant (EH SNG) is available to people who cannot remain in their usual place of residence, if any, and do not have access to other accommodation which is adequate for them or their family's needs. The Ministry pays EH SNGs directly to the accommodation supplier and assistance is generally granted for up to seven nights but can be extended dependant on individual circumstances.

More information about EH SNGs is available at the following link:  
[www.workandincome.govt.nz/housing/nowhere-to-stay/emergency-housing.html](http://www.workandincome.govt.nz/housing/nowhere-to-stay/emergency-housing.html)

Where the Ministry is paying EH SNGs for accommodation, the cost of a security deposit can also be facilitated. However, the majority of clients do not need this payment as they do not cause any damage. The Ministry is aware that damage is sometimes caused in emergency housing, with the vast majority being from normal things such as accidental breakages. When the Ministry is provided with evidence of any damages, the Ministry will, with agreement from the client, make payment (from the security deposit) on

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behalf of the client. Agreement from the client is not required if the client leaves the emergency housing supplier without checking out. Clients are required to pay this back to the Ministry, at a rate that doesn't cause them undue hardship.

The Ministry facilitates security deposits to Emergency Housing suppliers and Transitional Housing providers to protect them when there are losses or damages caused by the Ministry's clients (or anyone else staying with them). Security deposits need to be agreed to by the clients and the supplier/provider of the accommodation, and approved by the Ministry, before a client can stay with a provider. More information on how security deposits work is available at the following link: [www.workandincome.govt.nz/providers/housing-providers/security-deposit.html](http://www.workandincome.govt.nz/providers/housing-providers/security-deposit.html).

The Ministry implemented a new Hardship grant category for security deposit claims in December 2021. Prior to this date security deposit payments were recorded in such a way they could not be disaggregated from OTHER recorded accommodation category.

The security deposit can cover the actual and reasonable costs of:

- breakages or damages caused by the client or anyone staying with them, such as, any breakages or damage to the property whether intentional or accidental
- losses relating to failure of the client to meet their obligations to the supplier/provider under their agreement for stay. This can include replacing items that have been removed from the room, excessive cleaning charges, the room being unavailable due to (excessive) cleaning or belongings left behind and providing replacement keys, and,
- unpaid accommodation costs (this covers unpaid contribution for clients staying in Transitional Housing only).

The security deposit does not cover:

- the cost of refurbishing units when tenants move out or the property ceases provision of emergency accommodation
- telephone, internet, or pay-television charges
- utilities
- meal charges
- storage of excessive goods
- laundry services
- car-parking
- general wear and tear.

The Ministry will not pay the security deposit if the costs for loss or damage:

- is more than the amount approved for the security deposit
- if the loss/damage has been discussed with the client and they did not agree that the loss or damage was their responsibility
- is for costs other than loss or damages – for example, other services, such as telephone charges
- if the costs are for general wear and tear, or
- if the security deposit has already been fully used, for example, a previous claim by an individual.

If the Ministry will not pay for damages or loss, then the accommodation supplier/provider needs to seek this cost from the client(s) themselves.

For the sake of clarity, I will now address each of your questions in turn.

1. *How much money has MSD paid in compensation to motel owners for damages/thefts etc caused by clients since 2020 in total?*

Please see below **Table One** which shows security deposit claims during the period 1 December 2021 to 30 September 2022.

**Table One: Security deposit claims during the period 1 December 2021 to 30 September 2022.**

<b>Number of security deposit payments</b>	<b>Total amount granted</b>
3,657	\$2,402,559.26

2. *What are the top five largest single compensation payments by amount, what was the payment for, and which motels received the payments?*

Please see below **Table Two** which shows the top five security deposit claims to suppliers during the period 1 December 2021 to 30 September 2022, broken down by grant amount and the reason paid.

**Table Two: The top five security deposit claims to suppliers during the period 1 December 2021 to 30 September 2022, broken down by grant amount and reason for payment.**

<b>Rank</b>	<b>Registered Name</b>	<b>Amount</b>	<b>Reason for Payment</b>
<b>1</b>	PARK LODGE MOTEL	\$15,000.00	Approved in error and recovered – see table note.
<b>2</b>	EMERGE AOTEAROA LIMITED	\$10,766.44	Amount covered damage to property and was partially recoverable due to high amount.
<b>3</b>	THE POST HOTEL	\$9,600.00	To cover unpaid accommodation costs.
<b>4</b>	THE POST HOTEL	\$7,800.00	To cover unpaid accommodation costs.
<b>5</b>	EMERGE AOTEAROA LIMITED	\$6,909.71	To cover unpaid accommodation costs and damage to property. Is partially recoverable.

3. *What are the five single smallest payments by amount, what was the payment for, and which motels received the payments?*

Please see below **Table Three** which shows the lowest five security deposit claims to suppliers during the period 1 December 2021 to 30 September 2022, broken down by grant amount.

**Table Three: The lowest five security deposit claims to suppliers during the period 1 December 2021 to 30 September 2022, broken down by grant amount.**

<b>Rank</b>	<b>Registered Name</b>	<b>Amount</b>	<b>Reason for Payment</b>
<b>1</b>	TUATAHI HOUSING	\$0.78	Cover outstanding costs (a deposit had been approved previously).
<b>2</b>	TUATAHI HOUSING	\$2.82	Cover outstanding costs (a deposit had been approved previously).
<b>3</b>	TE TAIWHENUA O HERETAUNGA - HOUSING	\$4.14	To cover outstanding accommodation costs due to the supplier.
<b>4</b>	EMERGE AOTEAROA LIMITED	\$9.14	To cover outstanding accommodation costs due to the supplier.
<b>5</b>	TUATAHI HOUSING	\$9.80	Cover outstanding costs (a deposit had been approved previously).

**Notes for all three tables:**

- Amount granted may not be the same as amount spent.
- The security deposit grant type only commenced from December 2021 onwards.
- To protect confidentiality the Ministry uses processes to make it difficult to identify an individual person or entity from published data.
- These data tables have had random rounding to base three applied to all cell counts in the table.
- Random rounding does not round down to zero, a value of one or two will be rounded to three.
- The impact of applying random rounding is that columns and rows may not add exactly to the given column or row totals.
- The published counts will never differ by more than two counts.

The payment of \$15,000 to Park Lodge Motel was approved incorrectly. The payment was not issued to the supplier

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 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](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding security deposits, 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

  
Karen Hocking  
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Housing**