



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

20 SEP 2017

Dear

On 21 June 2017 you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *What is the average amount of recoverable debt for 2016/17 for a Work and Income client and please provide previous years (broken down by year) since 2004/05 if available*
- *What percent of recoverable debt is estimated to be hardship assistance? Please provide this for 2016/17 and for previous financial years going back to earliest available?*

On 26 June 2017, a Ministerial and Executive Services Advisor contacted you to discuss your request in relation to the reporting tools the Ministry has available for client debt. As discussed, the Ministry can report on debt of current clients on their current benefit, current clients in total, and all debt for current and non-current clients. Each reporting method has its own strengths and limitations. Based on the information the Ministry is able to report on, you agreed to receive the following:

- *The total debt for current clients, broken down by year and with a calculated average/per client with a debt figure, since 2004/05.*
- *The average and median amount of recoverable debt due to hardship assistance that clients have accrued on their current benefit. As discussed, the Ministry can only break down current clients' debt by the debt type (e.g. recoverable hardship assistance) for the debt accrued on the current benefit i.e. if someone was on a benefit and established debt 'A' through receipt of recoverable hardship assistance, then went off benefit, then returned to benefit, debt 'A' would not be captured by this reporting.*
- *Information about debt for non beneficiary clients or non current clients who received hardship assistance.*

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

Some financial assistance payments for essential or emergency needs are non-recoverable payments and do not create debt. Information about when assistance may be made recoverable rather than non-recoverable is available on the Work and Income website here: [www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/recoverable-or-non-recoverable-payment.html](http://www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/recoverable-or-non-recoverable-payment.html), and here: [www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/essential-needs-01.html](http://www.workandincome.govt.nz/map/income-support/extra-help/special-needs-grant/essential-needs-01.html).

Recoverable assistance provides clients 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 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.

In order to best address your request, a mixture of the different reporting methods was used. Please find enclosed tables 1 to 3.

- Table 1a shows the number of current working aged main benefit clients with debts, and the clients' mean total debt levels.
- Table 1b shows the number of current working age clients with debts, broken down by benefit type, please note that due to its size, Table 1b is presented in two parts '*Table 1b*' and '*Table 1b continued*'.
- Table 2 shows the mean, median and sum of debt for current clients, with the percentage of that debt that originated from hardship, incurred on their current benefit, for current working aged main benefit clients.
- Table 3 shows the number of people not on a main benefit at year end with a recoverable assistance debt.

Please note that tables 1 and 1a show counts of current clients with debt (this is a count of clients, not debts. Each client is counted only once though they may have multiple debts), while table 2 is a count of debts (one client may be counted more than once, as they may have more than one debt). Tables 1, 1a, and 2 show information about current clients' debt, this is different to table 3 which is a count of people not on a main benefit with a recoverable assistance debt.

You will note that some numbers have been suppressed and replaced with an 'S'. This is where the release of the exact value risks identification of the individual involved. This suppression is in accordance with section 9(2)(a) of the Act.

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](mailto: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](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'Ruth Bound', with a large, sweeping loop at the end.

Ruth Bound

**Deputy Chief Executive, Service Delivery**

**Table 1a: The number of current working aged main benefit, Orphan's Benefit and Unsupported Child's Benefit clients with debts, showing the clients' mean total debt levels, as at 30 June of the respective financial year.**

Financial year ending	Number of clients	Mean value of debt
30 June 2005	147,813	\$1,796
30 June 2006	146,796	\$1,858
30 June 2007	133,198	\$1,943
30 June 2008	134,184	\$2,040
30 June 2009	167,353	\$2,079
30 June 2010	190,988	\$2,110
30 June 2011	191,124	\$2,185
30 June 2012	180,520	\$2,370
30 June 2013	183,363	\$2,430
30 June 2014	182,849	\$2,463
30 June 2015	181,370	\$2,523
30 June 2016	184,045	\$2,630
30 June 2017	186,770	\$2,830

**Note:**

- This is a count of clients with debts; a client may have more than one debt.
- This table includes debt for working age only (18 to 64 years) and does not include debts for recipients of New Zealand Superannuation, Veteran's Pension, and Non-Beneficiary assistance.
- Amounts have been rounded to the nearest whole dollar value.
- People who have received financial assistance from the Ministry may owe money to the Ministry through overpayments, recoverable assistance, or fraud.

**Table 1b: The number of current working age, Orphan's Benefit, and Unsupported Child's Benefit clients with debts, broken down by benefit type, as at 30 June of the respective financial year.**

Financial year ending	Supported Living Payment related	Widow's Benefit Overseas	Orphan's Benefit and Unsupported Child's Benefit	Unemployment Benefit and Unemployment Benefit Hardship	Unemployment Training and Training Hardship	Emergency Maintenance Allowance	Invalid's Benefit	Widow's Benefit
30 June 2005	5,463	406	157	24,146	1,925	499	25,848	1,962
30 June 2006	5,348	331	144	20,003	2,561	732	27,949	2,016
30 June 2007	5,214	257	107	11,647	2,728	906	28,547	1,817
30 June 2008	371	0	0	9,204	2,901	986	36,304	1,974
30 June 2009	456	S	0	24,452	3,242	1,179	38,557	2,084
30 June 2010	602	0	0	32,995	3,037	1,527	40,566	2,309
30 June 2011	693	0	0	32,225	2,925	1,556	40,052	2,396
30 June 2012	719	0	0	28,783	2,996	1,543	38,491	2,286
30 June 2013	699	0	0	29,882	2,684	1,386	40,774	2,120
30 June 2014	48,019	0	0	0	0	1,083	0	0
30 June 2015	48,473	0	0	0	0	712	0	0
30 June 2016	48,403	0	0	0	0	639	0	0
30 June 2017	48,930	S	0	0	0	589	0	0

**Table 1b continued**

Financial year ending	Sole Parent Support	Special Benefit related	Youth Payment and Young Parent Payment	Jobseeker Support Student Hardship	Emergency Benefit	Sole Parent Support Overseas	Jobseeker Support	Child Disability Allowance	Domestic Purposes Benefit related*	Total
30 June 2005	55,303	21,969	23	54	1,893	5,230	0	723	2,212	147,770
30 June 2006	53,818	24,437	22	32	1,971	4,054	0	908	2,470	146,752
30 June 2007	50,672	22,734	25	39	1,737	3,101	0	1,050	2,617	133,167
30 June 2008	53,905	22,845	19	21	1,369	0	0	1,138	3,147	134,184
30 June 2009	61,877	29,046	S	47	1,404	0	0	1,209	3,788	167,353
30 June 2010	68,810	33,824	21	94	1,390	0	0	1,221	4,592	190,988
30 June 2011	68,970	34,340	22	168	1,408	0	0	1,065	5,304	191,124
30 June 2012	65,845	32,067	18	127	1,270	0	0	928	5,447	180,520
30 June 2013	63,589	33,497	613	138	1,404	0	0	900	5,677	183,363
30 June 2014	55,430	0	624	138	1,016	0	75,518	1,021	0	182,849
30 June 2015	52,660	0	651	122	933	0	76,707	1,112	0	181,370
30 June 2016	50,789	0	563	119	848	0	81,485	1,199	0	184,045
30 June 2017	48,706	0	1,093	S	837	0	85,234	1,261	0	186,770

**Notes:**

- \*Includes Domestic Purposes Benefit - Caring for Sick or Infirm, Domestic Purposes Benefit - Sole Parent, Domestic Purposes Benefit - Woman Alone.
- This is a count of clients with debts, clients may have more than one debt.
- The apparent sharp changes in benefit numbers are the result of administrative changes made to the benefit categories in 2007 and 2013.
- People who have received financial assistance from the Ministry may owe money to the Ministry through overpayments, recoverable assistance, or fraud.

**Table 2: Number of debts and the mean, median and sum of debt for current main benefit, Orphan's Benefit, and Unsupported Child's Benefit clients, with the percentage of recoverable debt amount due to hardship, as at 30 June of the respective financial year.**

Year	Debts not originating from hardship payments			Debts originating from hardship payments			Total Debts			Hardship debt amount as % of all debt.
	Median	Mean	Sum	Median	Mean	Sum	Median	Mean	Sum	
30 June 2005	\$78	\$838	\$212,252,795	\$164	\$227	\$53,250,720	\$124	\$545	\$265,503,515	20.1%
30 June 2006	\$84	\$862	\$216,519,366	\$169	\$237	\$56,297,417	\$130	\$558	\$272,816,783	20.6%
30 June 2007	\$90	\$930	\$205,066,943	\$173	\$245	\$53,699,903	\$136	\$588	\$258,766,846	20.8%
30 June 2008	\$98	\$991	\$213,630,139	\$185	\$267	\$60,060,280	\$148	\$621	\$273,690,420	21.9%
30 June 2009	\$106	\$1,065	\$262,347,888	\$199	\$287	\$85,494,958	\$163	\$639	\$347,842,845	24.6%
30 June 2010	\$100	\$1,024	\$302,928,659	\$191	\$277	\$100,003,144	\$155	\$613	\$402,931,804	24.8%
30 June 2011	\$98	\$1,012	\$323,736,499	\$188	\$278	\$93,793,011	\$150	\$635	\$417,529,509	22.5%
30 June 2012	\$101	\$1,054	\$339,778,618	\$200	\$288	\$88,031,483	\$155	\$681	\$427,810,100	20.6%
30 June 2013	\$102	\$1,073	\$350,701,318	\$193	\$278	\$94,908,094	\$155	\$667	\$445,609,411	21.3%
30 June 2014	\$100	\$1,064	\$352,904,559	\$176	\$263	\$97,512,798	\$144	\$642	\$450,417,357	21.6%
30 June 2015	\$90	\$1,014	\$360,884,087	\$168	\$257	\$96,664,232	\$135	\$625	\$457,548,319	21.1%
30 June 2016	\$94	\$968	\$380,606,911	\$169	\$265	\$103,475,365	\$135	\$618	\$484,082,276	21.4%
30 June 2017	\$93	\$946	\$404,376,108	\$170	\$277	\$124,236,645	\$135	\$603	\$528,612,753	23.5%

**Notes:**

- These figures relate to individual debts not clients, and a client may have more than one debt.
- Hardship debt reported here arises from Advances of Main Benefit, Orphan's Benefit, and Unsupported Child's Benefit, and recoverable Special Needs Grants.
- Amounts have been rounded to the nearest whole dollar value.
- People who have received financial assistance from the Ministry may owe money to the Ministry through overpayments, recoverable assistance, or fraud.

**Table 3: The number of people not on a main benefit at year end with a recoverable assistance debt on their record.**

	Year	
	2014	2015
<b>Non-current debt estimated value*</b>	\$119,371,447	\$132,024,314
<b>Number of non-current clients with a debt</b>	87,880	100,506
		94,790

**Notes:**

- Non-current clients is a count of clients not on a main benefit at year-end with a recoverable assistance debt on their record. This count is not available prior to 2014.
- \*Non-current debt estimated value is the closing balance of recoverable debt at year-end for clients who are not on a main benefit at that time. It is an estimate derived by applying the proportion of non-current clients with recoverable assistance debt to the total value of recoverable assistance debt.
- People who have received financial assistance from the Ministry may owe money to the Ministry through overpayments, recoverable assistance, or fraud.