



17 February 2023

Tēnā koe

On 19 January 2023, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

Could you please send me all the 'minimum processing standards' pages (I think they all link off the one page on doogle).

Could you also send me all the manuals for the Employment and Work Readiness Assistance – e.g. 5K to work, Transition to Work etc etc.

Could I please add to the OIA request the main staff guidelines for:

- *Deprivation of income and assets*
- *I believe this page is linked to at the bottom of this map page:
https://www.workandincome.govt.nz/map/income-support/core-policy/income/index.html?fbclid=IwAR3N1e0rFw9tvA31yzka8ud2E9G53SrwJvIZ_8BYYLMA3oSryrQsAcSfwe4*

For the sake of clarity, the Ministry will respond to your request in turn.

Could you please send me all the 'minimum processing standards' pages (I think they all link off the one page on doogle).

Please see the attached **Appendix One** outlining the Ministry's minimum processing standards.

To expedite a response, information not concerning minimum processing standards has not been included. Please contact the Ministry if this was not the intent of your request and you would like this information.

Could you also send me all the manuals for the Employment and Work Readiness Assistance – e.g. 5K to work, Transition to Work etc etc.

Your request for this information is refused under section 18(d) of the Act as this information is publicly available and can be found here:

www.workandincome.govt.nz/map/employment-and-training/index.html
www.workandincome.govt.nz/map/employment-and-training/specific-employment-related-assistance/index.html
www.workandincome.govt.nz/map/employment-and-training/employment-and-work-readiness-assistance/employment-and-work-readiness-assistance.html

Could I please add to the OIA request the main staff guidelines for:

- *Deprivation of income and assets*
- *I believe this page is linked to at the bottom of this map page:*
https://www.workandincome.govt.nz/map/income-support/core-policy/income/index.html?fbclid=IwAR3N1e0rFw9tvA31yzka8ud2E9G53SrwJvIZ_8BYYLMA3oSryrQsAcSfwe4

Please see attached **Appendix Two** explaining the process when considering deprivation of income and assets.

To expedite a response, information not concerning deprivation of income and assets has not been included. Please contact the Ministry if this was not the intent of your request and you would like this information.

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 and attachments 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.

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.

Ngā mihi nui

Bridget Saunders

Bridget Saunders
Manager
Issues Resolution
Service Delivery

Accepting forms

Forms are used to confirm a client's eligibility for financial assistance or action a request. They are evidence to verify the information the client has provided, as well as what the client has agreed to. It's important that all forms are completed and correct.

On this Page:

Out of Scope

What is needed

When accepting a form, you must ensure:

- all questions are answered using a pen or typed to create a permanent record
- are signed and dated (for paper forms)
- any obligations have been agreed to and accepted (for online applications)
- all necessary documents required for evidence are provided or have been requested
- the office copy of the client's and partner's (if any) obligations and privacy statement, signature, and helper's statement (if any) must remain with the application form.

When forms are completed online, you only need to print the obligations form for the client to sign if they haven't agreed to or accepted these online.

When completing editable pdf forms on behalf of a client, you must ensure you:

- are satisfied it is for the right client (e.g. they have been successfully identified over the phone)
- advise the client of their obligations (if any), ensuring they understand and agree to them and record this in the client's file
- scan and save the form onto the client's file
- provide the client with the saved version of the completed form/summary by post or email, ask them to check the information and let us know if anything is incorrect
- record that all of the above actions have been completed on the client's file

Note: Do not send editable pdf forms to clients (whether blank or complete). Editable pdfs are only to be completed by staff on behalf of the client. If the client would like a form/s to complete, they should be directed to our website where forms can be downloaded or to visit one of our offices.

Incomplete or altered forms

If a form is incomplete or altered, you must:

- contact the client as soon as possible and
- determine if it's reasonable for the client to complete the form (refer to guidelines for applying discretion) and
- if possible, ensure that the client:
 - corrects any errors
 - initials any changes when it's critical to entitlement and
- add notes to the client's file to record any follow up actions and
- save any altered or completed forms to the client's file.

Applying discretion

You can apply discretion to accept a form which is incomplete or has been altered if:

- the information is not critical for correct entitlement or
- we already hold the information in our systems or
- you can confirm the information with the client.

If you accept an incomplete or altered form, record your decision and the information in the client's file.

Ways we can accept forms

Post/Fax

Online

- MyMSD document upload
- Email – you must copy the full email, including the sender, receiver, date and time details, onto the client's file.

Face to face

- Provide evidence at local office

Agents

An agent can be appointed to act on a client's behalf in certain circumstances. Usually a client chooses their agent, what actions the agent can carry out on their behalf and how long they are to be their agent.

On this Page:

Out of Scope

When an agent is appointed

An agent is a person or organisation who is authorised to act in the interests of another person. The client can choose which rights and responsibilities to assign to the agent. For example, when a client:

- is unable to visit or talk to MSD staff
- is subject to a trespass notice
- is working with a community-based provider such as budgeting services
- needs help with a complaint or review
- has a person with authority covered by an Enduring Power of Attorney or Court Order.

Appointing an agent allows the agent to do some or all of the following for the client:

- access information about the client (under the Privacy Act 1993)
- speak or make enquires on the client's behalf
- receive their mail
- complete and sign forms
- be allowed to deal with money they owe to MSD.

Agents are not able to access or update MyMSD on the client's behalf.

How an agent is appointed

If a client needs to have an agent act on their behalf, they need to provide:

- an Appointment of Agent form or
- a letter or privacy waiver that describes the circumstances in which we can share information and/or what information can be shared with the agent and
- the agent's identification:
 - for an individual, two forms of identification or
 - for an organisation, identification and evidence of their connection to the organisation (e.g. business card).

All evidence relating to the agency and their rights and responsibilities, which may include a current Power of Attorney or Court Order, should be scanned and recorded into the client's record. An agent's identification should be scanned into the agent's own CMS record.

A client can consent to [appointing an agent temporarily](#).

We can receive forms and supporting documentation electronically.

Applications

When processing applications for on-going financial assistance, you must ensure the right information is received and obtain approval (if required), to ensure the client receives their full and correct entitlement.

On this Page:


Out of Scope



Request for financial assistance

When a client contacts us to request on-going financial assistance, a date of first contact must be recorded.

Out of Scope



Application forms


We can accept application forms in the following ways (but not limited to):

- an online application
- a paper application
- an editable PDF to be completed by a staff member
- attached to an email (you must ensure the text in the form is readable)

Note: some applications for assistance are completed by staff via CMS Hardship Assistance.

For more information see:

Out of Scope



Carers applying for or getting a sole parent rate of benefit or Unsupported Child's Benefit (UCB) may be required to apply for child support. Some clients are exempt from applying, see: 

Applications for public (social) housing

After completing an application for public housing (housing assessment) you need to confirm the client's final priority rating, to do this you need to be satisfied that the individual or household's circumstances are correct.

As well as identification and income/asset evidence, the client will also need to provide evidence of their housing need if they have been given a risk rating of three or four under any of the five criteria.

If a client is receiving on-going financial assistance, this information may already be held in the system, check the client's file before requesting any evidence.

The following are examples of evidence of a housing need:

- a letter or report from the Family Court, Oranga Tamariki or a solicitor outlining custody arrangements which have resulted in overcrowding
- information from the Police, a solicitor, the courts, a community worker or another appropriate person or agency stating that the current accommodation is unsuitable for the client or members of the client's household are in physical danger, under serious threat and/or the client must find alternative housing
- confirmation from a medical professional/health practitioner, or other appropriate organisation confirming the client or a household member requires a modified house

- evidence that current housing costs have increased and as a result the client needs to move
- notice to vacate from current landlord
- information gathered from the Police, a solicitor or a social worker to verify claims of domestic violence, abuse, harassment or neighbourhood tension
- information from the Police, a health professional, school, community or church leader or private sector landlord outlining the detail and effect on the household as a result of discrimination
- information showing that the client is experiencing financial difficulties such as a letter, report or verbal confirmation from a bank, budget advisor, accountant, solicitor or any other appropriate person or organisation stating the debt and factors that have caused or contributed to the current financial crisis.

Clients who have been assigned a risk rating of either one or two points under any of the five criteria should not be asked to provide evidence if you are satisfied with the explanation of their circumstances.

Out of Scope

Interview sheets

Interview sheets are mandatory and must be completed for the following benefit types:

- [Unsupported Child's Benefit](#)
- [Emergency Benefit](#)

However, an interview sheet **is not** required when the client is applying for Emergency Benefit because they are:

- a seasonal worker
- serving a sentence of imprisonment in a psychiatric hospital or
- a spouse/partner of a client who has entered long-term residential care.



When an application should be lapsed

The client has 20 working days to complete the application process. If the client does not complete the application process, their request for financial assistance is generally lapsed on the 21st working day.

Out of Scope

Manager approval

A service centre manager must approve all grants for Unsupported Child's Benefit.

Outcome

You must advise the client of the outcome of their application and of their obligations, ensuring they understand them.

For more information see:

Out of Scope

Specific situations

Sponsored clients

In all cases where there may be a sponsorship breakdown prompting a main benefit application, you must request the client provide details and evidence about the circumstances that led to the breakdown.

In the situation where it is deemed necessary to contact the sponsor for more information, you must advise the client that you will be doing this.

For more information see: [Out of Scope](#)

Emergency Benefit

Emergency Benefit must only be granted and paid for as long as it is required.

Where the client may be entitled to receive a main benefit in the future, Emergency Benefit should only be granted until they are eligible for the main benefit.

An expiry date which is relevant to the client's circumstances must be entered into SWIFTT, and a client event note added with the reason why Emergency Benefit was granted.

For more information see: [Out of Scope](#)

Ways we can accept applications

Post/Fax

Online

- MyMSD document upload
- Email – you must copy the full email, including the sender, receiver, date and time details, onto the clients file

Face to face


- Provide evidence at local office

Authentication

Authentication is part of our internal control process to ensure actions have met the required criteria and to give us assurance and confidence over the integrity of our payment systems. It also reduces the risk of errors and fraud.

On this Page:

Out of Scope



What is authentication?

Authentication is a check by a second person to approve an action or release a payment.

When authentication is required

The following actions need authentication:

- Benefit and NZ Super grants (for non-NZ born clients)
- Bank account changes
- Some hardship payments
- System generated individual amounts to pay (or offset against debt) which are over \$3,000
- All manually generated arrears.

These must be authenticated before payments can be released.

One-off cost applications are automatically approved, but the following need authentication:

- Housing support products
- Whiteware
- Employment and work-related assistance
 - \$5K to work
 - Transition to work
 - Training Incentive Allowance
 - Course Participation Allowance.

Good quality notes should allow authenticators to check all actions needing authentication to ensure they have met the criteria and approval has been obtained.

Authenticator's responsibilities

An authenticator must check all actions, evidence and notes to ensure that:

- they meet the minimum criteria
- the payment matches what has been assessed
- relevant supporting documentation is included
- managers approval has been provided where required.


Authenticators must not work on records of anyone who is known to them personally or where they have been involved in any part of the processing of the payment.

Bank account

Bank account evidence ensures we are paying the correct person into their own or their agent's bank account. It also reduces the risk of errors and fraud.

On this Page:

Out of Scope



When evidence is required

Bank account evidence is required when a client or their agent chooses to use a bank account that we don't already hold in our system. This means:

- there's no bank account evidence recorded, and
- we've not made any payments to this account for them before.

If the bank account has a different suffix to an account we hold in our system then no evidence is required.

Low trust

Low trust clients must complete a Change of Bank Account form and provide evidence of bank account at their local office.

Acceptable bank account evidence

Bank account evidence must show the:

- Bank logo and
- Bank account number (does not have to show suffix) and
- Account name(s).

Examples of acceptable evidence for bank accounts are:

- A bank statement
- A bank print-out stamped by the bank
- A letter from the bank
- ATM print-out
- An internet banking print-out displaying the web address
- Image of online banking (screenshot or photo).

Clients may also choose to complete a Change of Bank Account form to record the request to change their bank account number.

Business and trust bank accounts

Clients may request their payments to be made into their business or trust account. In these cases providing the account name contains the clients name, we can accept the bank account (with evidence if required).

You must ensure you discuss the possibility of other shareholders etc that may also have access to this bank account, and if using the business or trust account is the right choice for them.

You must leave a note on the client's record detailing your conversation with the client.

Ways we can accept bank account evidence

Post/Fax

Online

- MyMSD document upload
- Email – you must copy the full email, including the sender, receiver, date and time details, onto the clients file.

Face to face

- Provide evidence at local office
- Appointment – you sight evidence if the client logs into their online banking and shows you the information required, and record this on the clients file.

Legislation

Beneficiary must hold and give MSD details of bank account [section 111](#) Social Security Act 2018.

Bank accounts - Childcare and OSCAR centres

Bank account evidence ensures we are paying the correct childcare or OSCAR provider. It also reduces the risk of errors and fraud.

When evidence is required

Evidence of the childcare or OSCAR centre's bank account number is required when:

- adding a new centre or
- changing a current centre's bank account number.

There are several forms of evidence we can accept. See: [Bank accounts](#).

Evidence of bank account numbers must be batch filed.

For more information see:

- Extra help [Childcare Assistance](#)
- [Childcare Assistance](#) procedures

Cancellations

Collecting information and/or evidence of the client's circumstances when they request a cancellation ensures we cancel their financial assistance from the correct date and assess any ongoing entitlement to other financial assistance.

On this Page:

Out of Scope

Cancellation

When a client requests a cancellation of main benefit, details from the client of their change in circumstances must be obtained.

You must:

- confirm the client's current address and contact phone number
- send a cancellation letter outlining full details of any debt (including total balance owing), this must also include review rights
- add a note on the client's file, including income details when available and attach any scanned income evidence the client has provided

Depending on the client's circumstances you should also:

- obtain any employment details (including the employer's name, address and date commenced)
- offer debt recovery suspension
- offer an exit interview
- check if the client is a social housing tenant or on the social housing register, if so you should also remind them:
 - they still have an obligation to promptly advise us of any change in circumstances that might affect their Income Related Rent or eligibility for social housing
 - they will need to set up an automatic payment as their redirection will stop.

For more information see: Out of Scope

Death of a client

If a client has died, you must be satisfied you have identified who the deceased client is and have evidence of this before taking any action to stop their benefit. This must be detailed in the client's file.

Examples of evidence could include:

- bereavement notice
- notification (including verbal) from a funeral director, solicitor, the rest home (where the deceased resided), the executor of the deceased's estate
- notification (including verbal) by a family member or authorised agent.

Where there is a surviving spouse or partner, you must review all entitlements and invite applications for other assistance where appropriate.

For more information see: Out of Scope

Child changes

Evidence of the start or end of a client and child relationship ensures we pay the client their full and correct entitlement from the correct date.

On this Page:

Out of Scope

Child inclusions

When evidence is required

Every client applying to include a child in their financial assistance must have an interview and provide a written statement or complete a 'Child Inclusion' [form](#).

Acceptable child inclusion evidence

When a client applies to have a child included in their financial assistance, the following evidence must be provided:

- [identification for the child](#)
- a letter or email from previous caregiver (if applicable)
- any additional information to support the inclusion. For example, a letter from Oranga Tamariki
- a [child support](#) application (if assessed as being required to apply for child support)

For more information see: [Out of Scope](#)

Child exclusions

When evidence is required

When excluding a child from a client's financial assistance, evidence must be obtained that the child is no longer in their care.

Acceptable child exclusion evidence

Evidence may include, but is not limited to, a letter or email from:

- the client (a Personal details form can also be accepted)
- EOSY online form
- the child's school
- Plunket.

Excluding a child from the client's benefit may result in a change to the client's obligations. You must ensure all changes (including benefit rates) are explained to the client.

Evidence is not required for excluding a child for social housing purposes.

Ways we can accept forms, of child changes

Post/Fax

Online

- MyMSD document upload
- Email – you must copy the full email, including the sender, receiver, date and time details, onto the clients file.

Face to face

- Provide evidence at local office

Extra help (supplementaries) evidence

Evidence of costs relates to clients applying for or receiving supplementary assistance (e.g. Accommodation Supplement). Evidence ensures we are paying our clients their full and correct entitlement. Evidence is not always required for some costs.

On this Page:

Out of Scope



Evidence of costs for all supplementary assistance must show:

- the name of the person who has the cost (if required) and
- what the cost is and
- the frequency of the cost (if required).

Low Trust

Low Trust clients must provide evidence of all costs or any new or increases to costs at their local office.

Accommodation Supplement (AS)

When evidence for AS is required

Evidence of home owner costs is required when a client is applying for Accommodation Supplement or has a new or increase in the cost.

Acceptable evidence of AS costs

Examples of acceptable evidence of home ownerships costs are:

- A mortgage contract and confirmation of the current minimum repayment required
- The latest house insurance bill or papers (excluding contents)
- The latest rates notice and Regional Council rates, if applicable
- Receipts of essential repairs and maintenance carried out on their home in the past 12 months
- Body corporate fees account.

Evidence of rent and board costs is not always required. Evidence is required when:

- the costs seem unreasonable, or
- the costs could not reasonably be paid on their current income, or
- if the rent includes service costs.

If you are unsure or have doubts about rent and board costs, you can use online websites (such as rental property websites) as a resource, to verify the cost yourself. If the client gives permission, you can also confirm their accommodation costs with their landlord, property manager or person the client boards with.

If you are unable to verify the cost yourself then you can request evidence from the client.

Examples of acceptable evidence of rent and board costs are a:

- tenancy agreement
- letter from the landlord
- letter from the person charging the client board
- water rates statement (water rates only).

For more information please see: Out of Scope

Temporary Additional Support (TAS)

When evidence for TAS is required

Evidence of allowable costs other than those already verified for Accommodation Supplement or Disability Allowance, is required when a client is applying for Temporary Additional Support or has a new or increase in the cost.

If accommodation costs have not already been verified for Accommodation Supplement, evidence is required to support the TAS application.

Acceptable evidence of TAS costs

Examples of acceptable evidence of allowable costs are:

- A copy of any essential credit sales agreements (Hire Purchases)
- Confirmation of minimum payments for any essential credit sales
- Purchase agreement of a vehicle.

For the purposes of specific employment-related costs, you can use online websites to source the evidence yourself.

Vehicle running costs – for employment

Calculate the client's travel using the client's home address and work address to be able to determine the kilometres using online resources such as google maps.

To check the cc rating of a vehicle you can ask the client for their licence plate or check the clients file to see if we already hold this information and enter this into websites such as www.carjam.co.nz.

Public transport to work

Check what kind of transport they take and the route (including where they start and finish the journey). For example, the train station name. You can use websites such as www.metlink.org.nz or www.at.govt.nz to check the cost of the journey. These include cash prices versus card prices.

For more information see: Out of Scope

Special Benefit (SPB)

Special Benefit is a grandparented payment, and no new applications can be made for this assistance.

Special Benefit continues to be payable to clients who were receiving it, or had applied for it, before 1 April 2006. This continues until they:

- no longer qualify to receive Special Benefit or
- choose to cancel Special Benefit.

At both the 3 month and 6 monthly reviews, the client must be:

- interviewed and
- have a review form completed.

The following must be completed:

- Special Benefit review form
- A DREW assessment
- details of evidence must be included in the client event note.

For more information see: Out of Scope

When evidence for SPB is required

Evidence of allowable costs other than those already verified for Accommodation Supplement or Disability Allowance, is required when a client has a new or increase in cost.

Acceptable evidence of SPB costs

Please see acceptable evidence for Temporary Additional Support above.

Disability Allowance (DA)

When evidence for DA is required

Evidence of disability costs is always required when a client is applying for Disability Allowance or has a new or increase in cost.

Acceptable evidence of DA costs

Example of acceptable evidence of allowable costs are:

- Receipts for expenses
- Invoices
- Quotes

As well as evidence of costs you must ensure that the following information is provided:

- all costs that are included in the assessment must be listed on the application, and
- a certificate from a health practitioner to verify the client's need to incur additional costs because of a disability
- a Disability Allowance – Counselling form (if appropriate)
- a Disability Allowance - Medical Alarm Assessment form (if appropriate).

You must leave a note on the client's file, linking to the appropriate Disability Allowance action, itemising the costs and frequency of these costs.

Receipts or evidence of doctor/specialist visits are not required when the doctor has signed the medical certificate verifying the type of consultation, cost and frequency.

For more information see: Out of Scope

Training Incentive Allowance

Training Incentive Allowance (TIA) provides extra help to sole parents, carers and disabled people receiving certain types of benefits to undertake training that will increase their skills and opportunities for employment.

It helps with the upfront and ongoing costs associated with study (such as tuition fees, laptops, wifi, transport and care costs). For more information see: [Out of Scope](#)

Subsequent applications for Extra Help

When a client submits a subsequent application for Extra Help and has the same costs, you can accept costs that are already held on the client's file (CMS or SCOSH in SWIFTT).

Some accommodation costs generally have annual increases. You must ensure you have a conversation with the client to confirm if these costs have changed or not and record this on the clients file.

Ways we can accept cost evidence

Post/Fax

Online

- MyMSD document upload
- Email - you must copy the full email, including the sender, receiver, date and time details, onto the clients file.

Face to face

- Provide evidence at local office (provided at reception or at an appointment)

Hardship (one-off assistance) evidence

Manager sign off for hardship applications was updated on the 4 March 2022. If you need additional guidance please refer to the related link: Manager Sign Off and Manager Approval for Hardship Assistance. In some situations, we need evidence of a cost (e.g. a quote) from a client or supplier. This is because we require it by law or when we need to be satisfied that a cost is reasonable.

On this Page:

[Out of Scope](#)

When evidence is not required

If evidence is not required by law and the cost is reasonable you can determine the cost based on your conversation with the client. Ensure that your notes include the reason for paying the cost, the amount paid and the supplier details.

Some things to consider when determining if a cost is reasonable:

- Is the cost within guidelines limits?
- Is the cost realistic based on the client's need?
- Is the cost reasonably consistent with previous payments made to the same client for the same or similar hardship (e.g. previous water tank refills)?

You can verify the costs online without asking the client to provide a quote. An example of this would be checking a retailer's website to verify a cost.

Below are some examples where you can process the hardship payment without a quote:

Cost	Description
Water tank assistance	A client requiring their water tank refilled, where the cost is under \$500 who has not received assistance for this cost in the last 52 weeks does not need to provide proof of costs, just advise the name of the supplier.
Transition to work grant (TTW)	A client is going into full time, permanent work and requires a smart jacket and pants. The client can verbally give the cost of the clothing and the supplier. The cost of the clothing is reasonable.
Assistance for power	A client applies for assistance with an overdue electricity bill. The client should provide a power bill to confirm the amount owed AND their power account number, customer number or reference number (for the quote reference field). If the client does not know the exact amount owing so gives permission for you to call the power company to confirm the amount owing, and confirm the power reference number to add to the quote reference field.
School uniform/costs	A client with a dependent child requiring a school uniform, where the cost is under \$500 and stationery where the cost is under \$200. The client can provide the supplier details for the uniforms and stationery.
Clothing	A client applies for assistance to purchase a jacket for winter. The cost is realistic for a waterproof jacket and the client can name the supplier.

This list is not definitive. There are other scenarios where you would not require evidence of a hardship payment.

If a client is applying for school uniform/costs over the amount specified above, you must verify those costs using one of the following methods (in order):

- going online to the supplier website
- calling the supplier
- emailing the supplier.

MyMSD will continue to advise the client to provide evidence for all school costs and dental treatment. The evidence will help our processing staff ensure we pay the right suppliers.

When evidence is required

There are some specific instances where, under legislation or policy, clients need to provide evidence to support their application.

Cost	Description	Evidence
Dental Treatment	A client requires immediate and essential dental treatment .	<p>A dentist or health agency must complete the Dental Treatment Information form for the client confirming the treatment is immediate and essential, the breakdown of the costs and the dentist's/health Agency details.</p> <p>You can approve the assistance without seeing this form but only if the client has a good and sufficient reason for not providing it to us (e.g. they cannot upload it into MyMSD, they are already at the Dentist getting the treatment, or they are not in the service centre for an appointment). You must verbally get the information from the Dental Treatment Information form and record it into the hardship note using the note template.</p>
Laser Therapy (birth mark removal)	A client requires assistance to remove a birthmark by laser therapy.	Evidence from a registered health practitioner that the client has a birth mark that is disfiguring and visible in normal clothing.
Wigs/Hairpieces	Assistance towards the cost of a wig or hairpiece can be provided to clients that suffer from a medical condition or are undergoing medical treatment which makes it desirable for the client to wear a wig or hairpiece on cosmetic grounds.	Evidence of how much the DHB has provided towards purchasing a wig or hairpiece.

Health travel costs/Accompanying medical treatment overseas	Travel costs can be paid to clients that have been referred for medical treatment by a medical practitioner and the cost is not already being paid for by another agency or programme.	Evidence that the travel has been approved/subsidised by the DHB including the amount they will cover.
Glasses for high clinical needs	Some clients have high clinical needs which means the glasses they require cannot be provided at the standard contract price under the preferred supplier arrangement.	Evidence showing the total cost so that the shortfall can be calculated.
Essential home repairs	Available for home owners that need assistance to carry out essential repairs and maintenance.	<ul style="list-style-type: none"> • Ownership and occupation of the property (if we do not already have this on file), • Confirmation that the work is essential, • Proof they have unsuccessfully applied for financial assistance from any other agency.
Fire, loss and burglary	Assistance with the cost of replacing essential items lost through fire or burglary, particularly where the person is not insured.	A police report or fire report is required.

Car repairs	Assistance with repairs to a vehicle where the use of a car is essential for the client or their dependent partner and children. The car should be considered essential due to illness, disability, employment, or lack of access to public transport.	Proof of vehicle ownership. If the client gives you permission, you can check if they own the vehicle on the NZTA website. You will need the clients licence plate and/or driver's licence number
HSP Rent arrears	All applications for HSP Rent Arrears should be considered as a last option after considering other hardship programmes.	Unless already held on file the client will need to provide: <ul style="list-style-type: none"> • Income and assets • Rent arrears and, • A tenancy agreement or tenancy order showing they are a signatory.

If you are unsure a cost relating to health and disability needs is essential it is recommended that you seek advice from your Regional Health and Disability team.

Low Trust

Low Trust clients must provide quotes and evidence at their local office.

What is acceptable evidence

Evidence provided must include the:

- supplier name, and
- item and/or service, and
- total cost.



Ways we can accept evidence

Phone

- Clients can confirm their cost/s verbally
- Direct contact with the specialist/supplier (with the client's permission).

Digital

- MyMSD document upload
- Email - you must copy the full email, including the sender, receiver, date and time details, onto the client's file.
- Previous confirmation of a cost already held on the client's file
- Checking a website to confirm a cost.

Face to face

- Provide evidence where required at an appointment.



Client identification

Identification evidence ensures we establish the identity of every person who applies for assistance. It is also the key to minimising and reducing the risk of benefit or social housing fraud through false identities or identity theft.

On this Page:

Out of Scope



12 April 2021 refreshed Client Identity Processing Standards

As a response to COVID-19 in 2020, temporary changes were made to the client identity processing standards. We are refreshing the standards for identity processing for new clients with some necessary changes to ensure safety and security of client identity. The changes are:

- We can't accept identity documents via email anymore.
- This means for new clients and those who don't currently have identification on file, we'll solely use MyMSD or the client will need to present their identification at a Service Centre.
- Primary identification must be current or if expired, no more than two years old.
- Non-government issued supporting identification must have been issued no more than six months ago.

When evidence is required

Identification evidence is required when we don't already hold previous confirmation of a client's identity in our system and they are applying for:

- [on-going financial assistance](#) (including public housing applications)
- [one-off financial assistance](#)

If identification is already held on the client's record then you must ask the client to verbally confirm the details (e.g. passport number). If identification is not already held on the client's record then you cannot ask the client to verbally confirm the details of their identity document and they will either need to upload it via MyMSD or provide this at a Service Centre.

A client must meet all other qualifications to get financial assistance including residency requirements.

See Map for qualification information for:

Out of Scope



All documentation not already in CMS must be scanned and saved onto the clients file. Also see [Scanning and recording](#) processing standards.

Scenario

Sione has received a benefit in the past and is applying for a benefit as he has stopped working. Sione's identification (driver's licence and NZ passport) is already scanned in CMS, so you ask Sione to verbally confirm details by asking key identifiers, e.g. driver licence number. This is sufficient and you don't need to ask for further evidence.

Scenario

Ava is a new client applying for financial assistance. She doesn't have any primary identification but does have a Marriage Certificate and a bank account statement (supporting identification). Two forms of supporting identification is sufficient evidence to grant a benefit, however Ava must provide these at a Service Centre. A Must View Note is added to Ava's file for 35 days.

We no longer need to confirm that the client has been using the identity for at least two years.

Acceptable identification evidence

When identification is required a client must provide:

- two forms of primary identification that is either current or no more than 2 years old (past expiry), or
- one form of primary identification and one form of supporting identification, if client cannot produce two primary forms of identification (Non-government supporting identification must have been issued within the last 6 months).

As a last resort where the client has no primary identification, they can provide two forms of supporting identification and they have 28 days to provide primary identification. Please add a Must View Note advising what identity document(s) are still required with an expiry date of 35 days from the date the note is added. This allows extra time if primary identification is not provided and for you to follow up with the client. Make sure you have a conversation with the client so they understand what is required and by when.

Primary identification

Primary identification evidence must show the client's:

- full legal name (minimum of first name and surname)
- date of birth

If the client has received a benefit in the past, but we don't hold any primary identification on the client's file, they will need to provide evidence of this.

Examples of acceptable evidence for primary and supporting identification

Primary identification must be current or no more than 2 years old (past expiry):

- NZ passport
- NZ driver licence
- NZ firearm licence
- Birth certificate
- Steps to Freedom
- Overseas passport – endorsed with permanent residence in New Zealand
- Certificate of citizenship or refugee status
- Certificate of identity
- confirmation of permanent residence letter from New Zealand Immigration
- for Australian clients, full Australian birth certificate, passport (current or expired), or proof of residence
- for Cook Island, Tokelauan and Niuean clients, full birth certificate, letter of confirmation, certificate of registration, or naturalisation

Supporting identification (Non-government supporting identification must have been issued within the last six months):

- **Household accounts** – utility bills, tenancy agreement or documents from suppliers of goods and services such as: hire purchase agreements. **Note:** if the client only has an electronic version of the bill or statement in PDF format, this is acceptable as supporting identification.
- **Government issued documents** – marriage certificate, a tax summary, rates notice, birth certificate, car registration form and licenses from another country. **Note:** a SuperGold Card can only be accepted as support identification if it includes a photo of the card holder.
- **Employment related documents** - letter from employer or payslips
- **Bank/insurance company documents** – bank account statements, mortgage papers or insurance policies
- **Health/education documents** – Student identification card, school report, school leaving certificate, doctors bill, degree or trade certificate
- **Prominent community members** – support letters from people such as: New Zealand Police, Justice of the Peace, doctor, kaumatua, clergyman or Women's Refuge coordinator. **Note:** the person providing the reference must not live at the same address, not be related to the client and must have known the client for over 12 months.
- **Hospitality industry** - Kiwi Access card (18+).

Note: a client released from prison may be issued a screen printout from the prison and/or correctional facility. It is known as the 'Integrated Offender Management System' (IOMS). In these situations, the IOMS printout can be used as supporting identification.

Ways we can accept identification evidence

Clients who don't have identification scanned on file or new clients (never received financial assistance) can provide evidence:

Online

- Upload via MyMSD

Please note: we will not accept ID documents that have been emailed to us.

Clients who don't have primary identification or unable to upload their evidence in MyMSD can provide evidence:

Face to face

- Provide evidence at Service Centre (at reception or during an appointment).
- appointment).

Please note: we won't accept emailed ID documents.

Child identification

Child identification evidence ensures we establish the child's identity and pay the full and correct entitlement to their parent/caregiver.

On this Page:

Out of Scope



When evidence is required

Child identification evidence is required when we don't already hold it in our system and a client:

- applies for [on-going financial assistance](#) (including public housing applications),
- applies for [one-off financial assistance](#) (when required) or
- requests a [child inclusion](#)

Acceptable identification evidence

Examples of acceptable evidence for child identification are:

- a birth certificate

If a child's birth certificate is not immediately available, we can also accept:

- Plunket records (for example: the child's Well Child Tamariki Ora My Health Book, which should have a pre-printed sticker with details to confirm the mother's details and the child's date of birth)
- confirmation from the client's midwife or doctor of the date of birth of the new child or
- hospital papers

Where a person is applying for assistance for a child that is not their own, such as Unsupported Child's Benefit, other documentation can be accepted. This could include a letter or report from the Family Court, Oranga Tamariki, a solicitor outlining custody arrangements or another appropriate agency.

SmartStart birth registrations

SmartStart is an online tool that makes it easier for new parents to access government services and support and set up their child for the future.

If a client registers the birth of their child online and chooses to share that information with us, DIA send us the birth registration details for their new-born baby. Centralised Services use this information to establish a CMS record for the child and a copy of the birth registration details is noted in a Client Event note.

For more information see the [Out of Scope](#) page.

Children born overseas

If the child was born overseas, and access to the birth certificate is difficult or too costly you can include the child using the child's passport (current or expired).

Where the child's passport is not available you can use the parent's passport or certificate of identity (for refugees and protected persons) when the child's full name and date of birth are recorded.

Ways we can accept child identification evidence

Post/Fax

Online

- Upload via MyMSD
- Email - you must copy the full email, including the sender, receiver, date and time details onto the client's file.

Face to face


- Provide evidence at the local office (provided at reception or during an appointment).

Income and asset details

Income and asset evidence ensures we are paying our clients their full and correct entitlement and starting their main benefit from the correct date.

On this Page:

Out of Scope



When evidence is required

Evidence of income and assets is required when a client:

- applies for [on-going financial assistance](#) (including public housing applications)
- applies for [one-off financial assistance](#) (if not receiving ongoing assistance)
- declares changes/new income and assets (excluding employment related income for clients receiving on-going assistance)
- has a [review of annual income](#)
- has an annual review of Childcare Assistance
- has an annual review of Income Related Rent (only required in some cases) see: [Verification of income](#)

Low Trust

Low Trust clients must provide evidence of any new or changed income and assets to their local office.

Acceptable income evidence

Income evidence must show the:

- name of the person who has earned the income
- employer's name
- hours worked, and
- gross and net amounts paid to the person.

When a client ceases work, income evidence must also show the:

- last day of work
- gross holiday pay (and/or any redundancy or other severance type pay), and
- previous 26 and 52 weeks gross income.

Examples of acceptable evidence for income are:

Salary/wages

- a letter from the employer
- an employment contract
- payslip(s)
- an IRD online printout
- full financial statements or letter from accountant for self-employment.

If the income evidence does not show the clients gross holiday pay this will need to be provided separately.

Child Support

- notice of entitlement from Inland Revenue or online statement from myIR
- letter from paying parent if they have a private arrangement.

Rental Property

- Inland Revenue statement
- accountant's statement or letter
- documents to support rental income and outgoings
- full financial statements.

Ex gratia and compensation payments

- a letter from the organisation which made the payment including:
 - the payment amount
 - date received
 - organisation that made the payment, or
- a bank statement, or
- screenshot from their online banking.

ACC – Accident compensation

- a letter from ACC.

There are many types of income, but these are not always charged the same way. Some income/payments a client receives are excluded as income. For more information see: [Out of Scope](#)

Acceptable asset evidence

Asset evidence must show:

- the name of the person who owns the asset
- a description of the asset
- the value of the asset
- any money owed against the asset.

Examples of acceptable evidence for assets are:

- term deposit statement
- bank account statement showing the current balance of all bank accounts
- share certificate
- latest valuation and mortgage balance on a rental property's net equity - see more information below.

Net equity

To determine net equity of a house, boat, vehicle or caravan, we will need the:

- latest rates or GV (Government Valuation) notice for the property to determine its value or the amount insured whichever is greater
- current balance on all mortgages owed against the property
- the insured value of the leisure boat or caravan, or
- a written valuation from a boat or caravan dealer
- the estimated value of the vehicle.

For more information see: [Out of Scope](#)

Applying for on-going financial assistance

If the client ceases employment and does not have or is unable to provide their income evidence; you can contact the employer and ask them to complete the [Employment and earnings information for applications form \(V06\)](#) . You can only do this when the client has given their consent.

If a client re-applies for a main benefit within 26 weeks of the date their benefit was cancelled due to entering temporary employment, we do not require their previous 26 and/or 52 weeks gross income. However, the client's final pay details are required in order to determine the date of event and entitlement date.

If written evidence of income is not immediately available, you should accept what the client has indicated on their application, advise them of the possible overpayment if the information is incorrect and give the person four weeks to provide the evidence.

Ensure that the conversation you had with the client is recorded on the client's file, including the date by which the client must return the evidence.

Ways we can accept income and asset evidence

Post/Fax

Online

- MyMSD document upload
- Email - you must copy the full email, including the sender, receiver, date and time details, onto the clients file.

Face to face

Legislation

Income (definition) [schedule 2](#) Social Security Act 2018

Inland Revenue number

An Inland Revenue (IR) number is required to ensure that we hold the correct information for tax purposes.

On this Page:

Out of Scope

Acceptable IR number evidence

When a client applies for financial assistance or has a change in their IR number, you can accept and record verbal evidence of their IR number.

Clients are asked for their IR number in their application, so if they provide paper or digital evidence of this, you can still sight and record the information provided on the client's file.

These forms will be updated over time to align with this standard.

Ways we can accept verification of IR number

Post/Fax

Online

- MyMSD document upload
- Email – you must copy the full email, including the sender, receiver, date and time details, onto the client's file.

Face to face

- Provide evidence at local office

Legislation


Duty to supply tax file number [section 112](#) Social Security Act 2018

Obligation failures, disputes and recompliance

We must consider a client's reasons for not meeting their obligations before initiating an obligation failure to ensure we are complying with the law.

On this Page:

Out of Scope



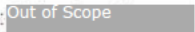
Applying an obligation failure

An obligation failure must **only** be initiated when a client or their partner fails to comply, without a good and sufficient reason.

For more information see: 

You must check the client's file, OBMAN and RecruitMe profile to be confident that the client was advised of what they were required to do and confirm if they had any reasons for not meeting a specific obligation.

If you are unable to determine if the client had a good and sufficient reason from the information recorded in their file, you must attempt to contact the client to discuss their circumstances before initiating an obligation failure.

For more information see: 

Advising the client of an obligation failure

You are required to give the client written notice of the decision to apply an obligation failure.

When you initiate an obligation failure the client will receive a system-generated letter advising them that they have failed their obligations.

In some cases, you must send a manual letter to clients advising them that their payments are affected differently. For example, when a client has a partner who has also failed their obligations and they have dependent children.

When a client disputes an obligation failure

Clients can lodge a dispute if an obligation failure has been actioned and they have a good and sufficient reason for failing their obligations.

You must consider any new information provided by the client or partner and let them know your decision straight away if the dispute has been:

- **Upheld** – when you believe the decision to impose the obligation failure was correct
- **Withdrawn** – if the client recompiled before the sanction was imposed or the client withdrew their dispute.
- **Overturned** - when you believe that the client or partner had a good and sufficient reason or that they did not fail their obligations.

It is mandatory that you record the outcome of the client or partner's dispute in OBMAN. A letter is then sent automatically to the client or partner once a decision has been recorded.

What is the difference between overturning and re complying an obligation failure?

Overturning an obligation failure occurs when a client either did not fail their obligations or had a good and sufficient reason for not meeting their obligations. For example a client that was unable to attend an employment interview due to self-isolating. When the action is completed in OBMAN it will:

- remove the failure from the client's 12-month obligation count
- resume or increase the benefit from the date it was suspended or reduced (in some cases a backdated review may be required).

Recomplying an obligation failure occurs when a client agrees with the obligation failure and completes a recompliance activity. When you re comply the obligation failure it will:

- resume or increase the benefit from the date that the client started their recompliance activity
 - in the case of a one-off activity the benefit should be resumed from the date the client attended and participated in the activity.

Deactivating an obligation failure

In some cases, you can deactivate an obligation failure and remove a sanction if the client is unable to re comply with an obligation failure. This may happen if the client has a change in their situation which would mean that they are no longer subject to an obligation or because the recompliance activity is no longer suitable. In these situations, you must advise the client that the failure is still included in their obligation failure count.

Legislation

- [Sanctions for failure to comply with certain obligations under this Act](#)
- [How person recompiles after failure to comply with obligation](#)

Partner changes

Evidence of the start of a client and partner relationship ensures we pay their full and correct entitlement from the correct date into the correct bank account.

On this Page:

Out of Scope

Partner inclusions

An 'Including a partner' [form](#) must be completed when a client requests to include their partner in their financial assistance. This form includes a section for the primary client to consent to the partner inclusion.

Acceptable partner inclusion evidence

The following evidence must also be provided by the partner if it is not already held in the system:

- [identification](#)
- [income and assets](#) (if any)
- [bank account number](#)
- signed partner obligations.

A copy of the partner's obligations must be given to the partner. You must ensure they understand their obligations and take additional time to explain them if necessary. If the partner is not present at the interview but has signed the partner inclusion form, you can accept that they have understood their obligations.

An interview is not required when a partner is included in social housing assistance or you are removing them from the social housing service.

For more information see: [Out of Scope](#)

Ways we can accept evidence

Post/Fax

Online

- MyMSD document upload
- Email – you must copy the full email, including the sender, receiver, date and time details, onto the clients file.

Face to face

- Provide evidence at local office

Redirection of benefit payments

A redirection of benefit payment can be made if there is good cause to pay part or all of a client's benefit payment directly to another person or organisation instead of the client.

On this Page:

Out of Scope

When a redirection of benefit can be put in place

A redirection can be put in place when:

- other alternatives have been considered
- the request meets the [good cause](#) criteria and has been recorded.

In most cases the client must agree to the redirection of part or all of their benefit, however, in certain situations it may be required without the client's consent.

What is required for each redirection of benefit request?

If a client needs to have part or all of their benefit paid to another person or organisation, they need to provide:

- the Redirection of Benefit Payment application form
- all required evidence to support their request
- bank account evidence for the person or organisation to receive the redirection
- if the redirection is occurring without the client's consent, evidence supporting this (e.g. an Enduring Power of Attorney, written advice from a registered medical practitioner or a Court Order).

All evidence relating to the redirection should be scanned and recorded into the client's record. We can receive the form and supporting documents electronically.

Specific circumstances

Some clients may need to have a redirection from their benefit as part of their specific circumstances including:

- [Social housing tenants to pay their Income Related Rent \(IRR\)](#)
- [Youth Payment and Young Parent Payment clients](#)
- [Residential Care Subsidy \(RCS\)](#)
- [Residential Support Subsidy \(RSS\)](#)
- [Emergency housing contribution](#)

Legislation

- Payments generally to, or on account of, beneficiary personally [section 339](#) Social Security Act 2018
- Good cause and exercise of discretion [clause 5](#) Ministerial Direction of Redirection of Benefit

Scanning and recording

Scanning documentation and recording information onto clients' files is an important way to understand clients' circumstances and previous decisions made by the Ministry. We are responsible for creating and maintaining full and accurate information captured.

On this Page:

Out of Scope



Scanning documentation

Documentation should be scanned and saved as soon as possible (within 24 hours of receipt) onto a client's and/or partner's file. If you can't do this, the form should be date stamped on the day it is received.

What to scan and save

- Documentation relating directly to the client
- Documents you are satisfied are complete and authentic
- Documents not already saved to the client's file
- Identification
- Any Ministry forms, including medical certificates
- Supporting documentation (e.g. evidence of home ownership or disability-related costs)

Documentation in CMS should be linked to the relevant client event note.

For more information on when and how to digitise MSD records, please see the [MSD Digitisation Standard](#).

Deciding if a document is complete and authentic

When deciding if a document is complete and authentic, consider the following:

- the document is unaltered
- there's no missing information or pages
- there's no unusual wear and tear
- the text is readable
- any registration number or unique identifier is present, where applicable

For more information on identity documentation for NZ citizens, please see the [DIA – document verification guide](#).

What not to scan

- Direct Credit forms
- Quotes and receipts
- Community Services Cards
- Bank cards
- Incomplete documents (e.g. missing pages)

This isn't an exhaustive list.

Sight and record all evidence used to determine eligibility.

Recording information

You should record:

- Information about an engagement with a client, including:
 - All evidence sighted (e.g. include details of the document such as date of issue, supplier details listed and amount, date costs started or changed)
 - Information confirmed verbally (e.g. include date cost started or changed)
- Any transactions processed
- All details relating to one event in the same note (e.g. add to an existing note if applicable).

Good quality notes should be easy for someone else to understand and detailed enough so that they can see how you reached your decision. Notes form part of a clients' personal file so must be factual and should not include text or inappropriate language. Use note templates where applicable for your business unit.

Legislation

All information created or received by staff in the course of their work for the Ministry is a public record under the Public Records Act 2005.

Transfers

When transferring clients between benefits, you must ensure the right information is received to ensure they receive their full and correct entitlement.

On this Page:

Out of Scope

Transfer of benefit

When a client is transferring between main benefits, an application form for the new benefit is not always required (see the table below) but reading and signing the obligations for the new benefit is required.

Each benefit has different obligations, so you must ensure the client:

- is informed about which obligations apply to them
- understands them, and
- signs the obligations of their new benefit.

You must also confirm the client's current situation to ensure they are receiving full and correct entitlement and add detailed notes to their file.

Transfer between benefit

As well as ensuring the client understands and signs their obligations, they must also provide other evidence/forms depending on what benefit they are transferring from and to.

Youth Services

The table below outlines what a client needs to provide (as well as new obligations) when transferring between Youth Services and main benefit.

Transfer from	Transfer to	What is required
Youth Payment	Young Parent Payment	Child inclusion evidence
Young Parent Payment	Youth Payment	Child exclusion evidence
Youth Payment & Young Parent Payment	Main benefit	<ul style="list-style-type: none">• Proof of identity, or record 'Known to Youth Service provider' in ART• Youth Payment and Young Parent Payment 'Continue or stop payments form' Where applicable, the partner also needs to provide this information. If the young person has had a significant change in their circumstances, they need to complete an application form for the appropriate benefit and provide supporting documentation relevant to their change in circumstances, such as a child's identification.
Main benefit	Youth Payment or Young Parent Payment	A new application form must be completed due to the additional amount of information required. The client must also provide: <ul style="list-style-type: none">• One form of identification• Child identification and• Any other supporting documentation relevant to their change in circumstances.

Main benefits

The table below outlines what a client needs to provide (as well as new obligations) when transferring between main benefits.

Transferring	What is required
To Jobseeker Support	<ul style="list-style-type: none">• If the client is applying on the grounds of a health condition, injury or disability, a medical certificate• Any other supporting documentation required to determine whether the client qualifies for a temporary deferral from their work obligations.
To Supported Living Payment – caring for	<ul style="list-style-type: none">• A new application form must be completed due to the additional amount of information required• A completed Supported Living Payment medical certificate for the person being cared for, completed by a registered medical practitioner.
To Supported Living Payment - health	<ul style="list-style-type: none">• Any other supporting documentation to determine eligibility, for example a medical certificate or existing reports from a health practitioner.
To Sole Parent Support	<ul style="list-style-type: none">• A new application form must be completed due to the additional amount of information required.
To New Zealand Superannuation	<ul style="list-style-type: none">• A 'New Zealand Superannuation application' - current clients' form must be completed due to the extra information required, for example the number of years the applicant has lived in New Zealand.

Transfer between benefit with Extra Help

When a client transfers from one main benefit to another main benefit and is receiving Extra Help, a new Extra Help application form is not required. You must however confirm if there are any changes to their costs. If there is a change to the client's Extra Help costs, ensure they provide evidence where applicable. See: Out of Scope

Note: If the client qualifies for other Extra Help that they were not receiving with their previous main benefit, you must ensure the client completes the appropriate application form and provides any supporting evidence.

Change of eligibility while receiving Jobseeker Support

A new application form is not required when a client has a change of circumstances on Jobseeker Support, which potentially means they have a change to their eligibility, but they are going to remain on Jobseeker Support.

An obligation form is not required to be signed by the client because when Jobseeker Support was initially granted to them, all of the obligations would have been agreed to and signed by the client. However, you must advise the client which obligation they currently have based on their change in eligibility ensuring they understand what this means for them. The following must also be provided:

- a medical certificate where the client can no longer meet their full-time or part-time work obligations due to a health condition, injury or disability.

If the client makes contact to advise they're available for full-time employment from the date of expiry on their medical certificate, you can change their work obligations to full-time in SWIFTT. You must also check their Jobseeker profile is up to date and update it if required.

You will also need to ensure the client understands which obligations apply to them.

When a partner of a main benefit recipient wants to become the primary

For main benefits, when a primary client and their partner want to change their status so that the partner becomes the primary client, the partner must complete an application form. This is due to the additional amount of information required of a primary client that would not have been gathered when they received a benefit as a partner.

The partner who wants to become the primary client must meet the obligations and qualifications to receive the benefit. Treat the request as a new application for benefit when assessing whether they qualify.

Transferring from a main benefit to Extra Help

When a client requests to transfer from a main benefit to Extra Help, they do not need to complete an application form if they were already receiving the Extra Help with their previous main benefit. However, you need to have a conversation with the client and full client event notes must be completed.

A client can request a transfer to Extra Help either by:

- attending an appointment with a Case Manager
- calling the Contact Centre to complete the transfer
- cancelling their benefit online via MyMSD

The notes must record the conversation held with the client and should include the following:

- they have requested the transfer
- they understand their obligations (face to face and over the phone only)
- whether the client's costs have changed or not
- their income, assets and employment details (including how many hours they work).

For more information on income and assets see: Out of Scope

If the client qualifies for other Extra Help that they were not receiving with their previous main benefit, you must ensure the client completes the appropriate [application form](#) and provides any supporting evidence.

Transferring from Extra Help to main benefit

If a client has been receiving Extra Help and applies for a main benefit, they must complete an [application](#) for assistance.

If the Extra Help they were receiving is to be transferred to the new main benefit, you do not need to verify their expenses if they are the same as previously claimed. If the client is applying for, or includes new costs, they must provide evidence of the new cost. If a client has home ownership costs confirm with them that these have not changed since they were last verified.

For more information see: Out of Scope




Deprivation of income and assets

This page describes the process you will need to follow when considering deprivation.

On this Page:

Out of Scope



Policy

The purpose of the Social Security Act 2018 states that people should look to their own resources before seeking support.

Deprivation means someone has changed their financial arrangements to put themselves at a financial disadvantage, which has led to them qualifying for assistance or assistance at a higher rate. There are several key points:

- Applying deprivation is discretionary, not mandatory in every case.
- Applying deprivation allows a benefit to be declined, reduced or cancelled.
- Deprivation can apply where a person has rearranged their financial position to qualify for a benefit or increased rate of benefit, regardless of whether this was intentional or not.
- The act of deprivation must result in the person qualifying for any income or asset tested assistance payable under the Social Security Act 2018 or an increased rate of payment.

Process

The steps for assessing deprivation are:

1. Determine if deprivation has occurred – has the client (or partner) given assets away or sold for less than market value? Is the client (or partner) not earning an income where they could be? If yes, continue to next step
2. Find out the client's specific circumstances that may impact on the decision to apply deprivation. Follow the Types of deprivation quick reference' guide to help determine what questions may need to be asked
3. Decide if you are going to apply deprivation
4. Calculate deprivation (notional income or the deprived asset value) by comparing actual income with possible income or the value of the asset given away or sold for less than market value
5. Decide when to apply deprivation from
6. Discuss and explain deprivation with the client and record details in a client event note. You will need to discuss deprivation with the client from the start but you need to ensure the client has understood how you came to your decision and this must be recorded.

If a client has deprived themselves of:

- an asset it may affect their entitlement to extra help (for example Accommodation Supplement or Temporary Additional Support) or other assistance with an asset test
- any income (or asset producing income) it may affect their entitlement to a main benefit as well as extra help.

If you have a client with a trust, ^{Out of Scope} Doogle page provides an overview of trusts, the Trust Questionnaire and Case Referral Cover Sheet for the Financial Determination Team.

Determining if deprivation has occurred

Deprivation situations will generally be identified as part of the application process or at the periodic review of a benefit.

Ways to identify deprivation are by:

- Looking at income declared on the application forms. Income should be linked to the source where possible. For example interest income should be received from money held or invested, business income should be linked to an interest in either a company or other business entity (e.g. sole trader or partnership).
- Asking the client if they have funds which are invested or held in non income producing circumstances.
- Asking the client if they have any involvement in a trust or transferred assets to a trust. If so, they will be required to provide documentation.

For more information see:

Out of Scope

- Asking the client if they have gifted any assets (including money) or lent any money and the terms on which the money was lent.
- Comparing income and assets declared last year with this year to see if assets or income have reduced significantly. This is only relevant to deprivation if the client has control over the income and has taken actions that have led to deprivation, if it is just a change in income this is part of a Review of Annual Income.
- If the application form identifies income from a trust or business income, the client may be required to answer further questions and provide further documents, see Trust questionnaire. However if they receive the full trust or business income, there may be no deprivation.

Once a potential deprivation situation is identified it is essential that you discuss this with the client.

The following are some examples of deprivation:

- Gifting of assets or making a 'gift' to someone else
- Letting or leasing of properties at below market rates
- Cash assets held in non income producing circumstances
- Other assets that do not produce a reasonable return of income to the client
- Money invested in growth funds with a low or no income stream
- Money invested in Bonus Bonds instead of an income-earning account or term deposit
- Setting up a Trust so the trust assets are not producing an income
- Where clients acting as trustees of a Trust fail to make distributions of all Trust income or, as beneficiaries fail to call on the trust income
- Clients who are controlling shareholders in a company, withholding distribution of company profits
- Failing to lease or rent out a property without good and sufficient reason
- Client's who have deliberately got rid of income or asset(s) with the result that they keep receiving or are eligible for a benefit
- Failing to apply for income or assets the client is entitled to, with the result that they keep receiving a benefit or other financial assistance for example refusing Estate/trust income the client is entitled to

This is not a complete list so you may find some other situations where you need some advice. Discuss with your Service Centre Trainer in the first instance or contact Helpline for further advice.

Find out the client's specific circumstances that may impact on the decision to apply deprivation

The questions you need to ask will be determined by the situation, you will need to know the client's full circumstances and if it is at all possible for the deprivation situation to be reversed.

Out of Scope

Decide if you are going to apply deprivation

If deprivation has occurred, you must still consider whether it should be applied after taking into account the client's individual circumstances.

The client's full circumstances need to be taken into account not just the act of deprivation itself for example any contractual or other legal commitments in relation to their financial circumstances, or health issues, or anything else that may be relevant.

The following factors can be considered in deciding whether (or not) to apply deprivation:

- Do any of the client's assets, or their trust's assets, provide an income below what could reasonably be expected?
- The reasons why the client rearranged their finances to reduce their assets and or income
- The reasons why the client chose to take no action to receive an income from their assets
- Would applying deprivation cause hardship to the client? Can the client quantify this and is it temporary or unavoidable?
- Can the client take steps to reverse or improve their financial arrangements to avoid deprivation and have they been given a reasonable opportunity to do so? In other words, could they avoid any possible hardship by rearranging their financial circumstances associated with the deprivation?
- Was the client aware that they were depriving themselves of income or property?
- In the cases of property deprivation could the property be leased or sold to become a cash asset? Is there any reason why the property (eg flats) cannot be rented out?
- In company situations, consider the extent of the client's control over the company e.g. they may be one of a number of company shareholders and unable to influence the distribution of company profits, or they may be the main or only shareholder and so have control.
- If the client has lent money can they recover it?
- Can the client identify any issues that they feel should be taken into account?
- Are there any medical issues that should be considered, for example if a client has a partner who is terminally ill or recently died you can use your discretion to allow time before applying the deprivation or discussing the deprivation with the client.



Note Deprivation does not have to be applied in every case, it is discretionary. Even where there is deprivation you may exercise your discretion not to apply it.

Your decision may be subject to the Benefit review process and the Social Security Appeal Authority so it is important that your decision is well documented. Your decision to apply deprivation (or not) must be based on fact and not be subjective. Your Service Centre Manager should be consulted before you make your decision.

When not to apply deprivation

There are some circumstances where you would not apply deprivation even though deprivation may have occurred. These are (but not limited to):

- Money used to renew or purchase major household appliances (including a family car) or fittings, repairs and maintenance
- Money used for major medical treatment/surgery or travel costs for these
- Loans which have been defaulted on or where the borrower has no capacity to repay, for example the person who received the loan have become bankrupt, or the business has gone into liquidation and there is little or no prospect of the loan being repaid.

You may decide that deprivation has occurred but exercise discretion not to apply it after considering the client's individual circumstances, for example if there has been a traumatic event in the client's life or a medical emergency in the family that makes applying deprivation unreasonable at this time.

If the notional income or deprived asset value is not going to affect entitlement or the rate of payment for assistance you may decide it is not worth applying deprivation.

If you are not sure about making a decision then talk to your Service Centre Trainer or contact Helpline.

Calculate deprivation by comparing actual income or assets with deprived income or assets

When you have decided to apply deprivation you must then determine what value or amount will be used to represent the deprived income or asset.

In assessing the amount of deprivation, factors which are taken into account include:

- whether the deprived asset or property is providing any income or no income at all and what a reasonable level of income from an asset is
- what income someone could expect if they invested the asset value in the retail banking market? The 'Reserve Bank 6 month term deposit rate' will give you the interest rate to use as a guide to what income could be.

The 'types of deprivation quick reference guide' is a good place to look and see what questions will help determine what value to give deprived assets and notional income options.



Calculating Assets

Deprived assets will be valued as the current value of asset.

When assessing an asset for deprivation you also need to consider the income that may also be deprived.

Add 'Deprived asset' in the comments field when entering details into SWIFTT INCMH screen under 'cash assets'. A must view note needs to be completed outlining the decision details and include the value of the deprivation and how this was determined.

Calculating Income

The amount of deprived income is known as notional income. The difference between what the client could earn and what they do earn is known as notional income.

Notional income means a person may be treated as having income even though they do not actually receive it. When we treat the person as having the income it is called notional income.

Notional income is added to the client's other income when assessing entitlement or the benefit rate. Add 'Notional income' in the comments field when entering details into SWIFTT INCMH screen under 'other income'.

When assessing deprived income you can either:

- use the Reserve Bank six month term deposit and apply this to the cash asset or value of the asset, or
- calculate realistic income, if there is another way to assess income

Some situations may have a more realistic way of assessing income, for example when assessing deprived income from a house, it may be more accurate to take into account market rental rates to determine the potential rental property income that has been deprived rather than apply an interest rate to the current value of the house.

If the notional income is only minor there is discretion to accept that deprivation may not apply in the particular situation. Alternatively the difference between income received and reasonable income expected could be charged as notional income.

When you consider the client's circumstances you also have to decide:

- if it is fair and reasonable to include the notional income or whether the client's circumstances warrant some recognition to not include the notional income
- how long the notional income should remain on the client's record, this could be:
 - until the deprivation situation changes,
 - a specified time if this is more reasonable, or
 - a review date in the future, such as a Review of Circumstances, Review of Annual Income, or 52 Week Reapplication.

When you decide to include notional income in the client's assessment of income you then need to decide from which date the notional income should be included in the chargeable income.

If you need help making decisions with deprivation cases talk to your Service Centre Trainer in the first instance, you can also contact Helpline.

Notional income example

Bob applies for a benefit on 2 June 2015. Bob has \$150,000 invested in growth funds. Returns on the growth fund are mainly capital but Bob received \$1,500.00 in the year to 31 March 2015 from dividends for shares held by the fund.

The actual income received represents 1% of the total amount invested. The closest available Reserve Bank six month term deposit rate as at 1 June 2015 is 4.21%

The potential for a return of 4.21% on \$150,000 =	\$6,315
Less actual income	\$1,500
Equals notional income	\$4,815

In this example the notional income that could be added to the client's chargeable income would be \$4,815 for the current review year. Together with the \$1,500 actual income, this makes a total income of \$6,315.00. The notional income is to be reviewed at the Review of Annual Income or when Bob changes his financial situation.

Decide when to apply deprivation from

Generally, the notional charge should not apply until three months from the date you notify the client of your decision, this is called the notice period. The letter to the client should include when the notice period will expire.

A three month notice period is considered a reasonable time period in which the client can consider their position and decide if they want to re-arrange or reverse the deprivation situation. Follow up contact should be made with the client after the letter has been sent to see what the client's intentions are.

Your contact with the client must be recorded in a CMS Client Event Note (include date and time phoned, what was discussed and decisions reached).

There may be some factors which might mean that the notional income charge could be applied from an earlier or even a later date. Factors that can be considered in deciding when to apply a notional income charge include:

- if the client decides to accept the notional charge and not make changes to reverse the deprivation situation. If the client indicates they will not be changing the deprivation situation you may decide that the notional income should apply at the point when the client informs you of this.
- If the client chooses to reverse the deprivation situation and this process will take some time to occur because of contractual or other issues around the process
- How difficult it is to change the deprivation situation. If financial circumstances can easily be rearranged, the notional income can be replaced by the actual income from the date of the new arrangements.
- If the client is genuinely trying to change their financial situation but it is taking longer than they would like, for example, the client has a spare property they are trying to sell at a realistic price, but there are no buyers at present. Then you may consider extending the notice period after three months.

Some assets can be quickly rearranged within a short timeframe. For example, changing bank accounts can be done within six business days or less and so the money may be placed into an income earning arrangement quite quickly. If you feel the three month period is too long then a shorter time period can be used if appropriate.

An exception to the three month notice is when a client has deliberately withheld information on the ownership/income of a property or did not advise us. In these cases retrospective deprivation can be considered.

Discuss and explain deprivation with the client and record details in a client event note

Discussion about deprivation should occur when the client is applying for benefit or when you identify deprivation may have occurred. Alternatively, contact with the client should be by phone and they should be offered the option of making an appointment with the case manager to discuss if they prefer.

The following points need to be explained and discussed with the client:

- What deprivation is and the affect that applying deprivation may have on their entitlement
- the legislation allows for a benefit to be reduced, declined or cancelled if a person has directly or indirectly deprived themselves of income or assets that would result in them qualifying for a benefit or increased rate of benefit
- applying the deprivation policy is discretionary and is only made after the clients full circumstances are considered
- the client has the option to re-arrange their financial arrangements to ensure that they are not depriving themselves of income or assets.

Details of the discussion with the clients must be recorded in a CMS Client Event Note and include as much detail as possible so that anyone reading the note will understand what the deprivation was and the reasons deprivation was applied or not. This will be critical data if the client applies for a review of decision.

Trusts

Trusts are the most common vehicle where deprivation occurs although the setting up of a trust and the transferring of assets to the trust does not automatically mean that deprivation will be applied. If the client continues to receive a reasonable income from the value of the assets (not including their home if it is in the trust), that is not deprivation.

The establishment of a trust occurs where someone transfers their assets to a trust and in doing so the ownership of the asset also transfers to the trust. The people who set up the trust and transfer their assets are known as the settlors of the trust.

Sometimes a third party may be named as settlor, but they are only acting as agent for the client who is the true settlor. The true settlor is the person who is the transferor of the assets. Also, a client may transfer assets into someone else's trust for example to the trust of a son or daughter. They are a transferor to that trust, and should be considered as deprivation.

The assets in the trust are owned by the trustees who are the legal owners of the trust assets. Trustees are usually the client and their partner but often include a third party such as the client's solicitor or accountant.

The assets of the trust are held by the trustees for the beneficiaries of the trust. The beneficiaries are the beneficial owners of the trust assets. That means that the beneficiaries are the people who are to receive the benefits of the trust.

The transferring of assets to a trust is usually recorded by a sale and purchase agreement between the true settlor and the trust. The trust only has a token amount of money e.g. \$10 or \$100 at the point when it is set up. Then the settlor (our client) transfers money or assets/property into the trust. If the trustees borrow the purchase price of these assets from the settlor, this loan transaction is detailed in the Deed of Acknowledgement of Debt and any gifts of this loan are detailed in the Deed of Forgiveness of Debt.

It is common to see the debt reduced by \$27,000 per year as this was the amount allowed to be gifted before tax was to be paid. From 1 October 2011 the gift duty tax will be repealed making it easier to give assets away. This change will reduce the need for Deeds of Acknowledgement of Debt and Deeds of Forgiveness of Debt. There should still be paperwork to show that a transfer or gift has been made e.g. Acknowledgement of gift or Transfer.

Trusts often have someone named as appointer. This is most often the transferor of the assets. An appointer can usually replace or remove or appoint trustees, but this depends on the powers in the trust deed. So if an appointer has those powers, they control the trust, in effect. That's because if they are able to remove a trustee who does not agree with them, they can make certain that all decisions agree with what they want.

A person can be a settlor, trustee, transferor, appointer or a beneficiary of a trust, or any combination of all of these.

Trust documentation

Full trust documentation may be needed to consider whether deprivation of income or property has occurred, these documents are:

- Completed and signed trust questionnaire
- a copy of the trust deed (this will show you how the client is involved in the trust e.g. settlor, transferor, trustee, beneficiary, or appointer)
- a copy of the Sale and Purchase Agreement for all property sold to the trust
- a copy of the property valuation at time of sale
- a copy of all Deeds of Acknowledgement of Debt
- a copy of all IRD gifting statements for gifts made up to 30 September 2011

- a copy of all Deeds of Forgiveness of Debt
- a copy of the latest trust financial statements, or if accounts not prepared the list of assets and liabilities now held by the trust should be listed in the trust questionnaire
- verification of any other assets sold/gifted to the trust
- verification of any capital distributions by the trust
- last tax summaries and tax returns for the clients and the trust
- details of any investments held by the trust

Not all documents will be required in all cases. The Trust questionnaire will indicate what documents the client should provide.

When only the home is held in the trust, there are likely to be no financial accounts or trust tax return.

Considering deprivation and trusts

If the trust assets provide a reasonable return which is fully distributed to the client as a beneficiary (of the trust) there has been no deprivation of income. The income received by the client from their trust is treated as income and added to INCMH in SWIFTT.

You need to consider what income the client would have earned if the client had not transferred the asset into the trust. That is, but for the transfer to the trust, the client would have owned assets and received income, equal to that of the trust. So what would the client now be earning if they had kept the original assets?

Where the family home is transferred to a trust there is no expectation that the family home would generate income if it was not in a trust, so it should be assessed as not having to derive income once it is transferred to a trust. Earning no income from the family home is not considered deprivation of income.

If investment funds are transferred to a trust then there is the expectation that the return to the clients from these funds prior to them being transferred to the trust would continue to apply. If the investments did not provide an income to the client then this could be deprivation of income.

The table provides an example of some common assets and the income expectation that would ordinarily apply to the assets if they are placed in a trust.

Type of asset	Income expectation outside of a trust	Income expectation if held in a trust
Family home	No income expected	No income expected
Business entity	Income expected from trading activity	Income expected from trading activity
Antique, art and family heirlooms etc	No income expected	No income expected
Investment funds	Income expected	Income expected
Rental properties	Income expected	Income expected

If there is other types of assets that you are not sure about talk to your Service Centre Trainer or contact Helpline.

For help with assessing trust cases you can discuss with your Service Centre Trainers or if you need further advice you can contact Helpline.



Deprivation Example

Mrs Smith is living in Wellington, and is applying for Supported Living Payment on 1 October 2015.

Determining if deprivation has occurred

In her application form in the question about her non cash assets Mrs Smith advised that she owned a unit in Auckland where her daughter lived rent free. This indicated that deprivation needs to be explored as she appears to be depriving herself of income and that if notional income was calculated it would result in a reduced rate of Supported Living Payment.

Following the Identifying deprivation flowchart we establish that yes Mrs Smith is not receiving an income where she could be therefore deprivation must be considered. Mrs Smith does have control over the property she owns but is not receiving income from therefore we need to look further.

Finding out the client's specific circumstances that may impact on the decision to apply deprivation.

The Types of Deprivation quick reference guide suggests the following questions are helpful in this situation (property not in a trust):

- Where is the location of the property? Is it in an area where there is a demand ie: a flat in the city or in a remote area
- What is the market rent?
- Is the property currently tenanted?
- Is a tenant living in the property rent free?
- If not, would the property be easy to rent?
- Has the client chosen not to tenant the property?
- What would be the rental income charge?
- What is the current property value?

Mrs Smith's specific circumstances are:

- The Auckland property was left by Mrs Smith's brother to his partner and the partner then gifted it to Mrs Smith. Mrs Smith claims the gifting took place on the basis that the property would be used by family members and that Mrs Smith's daughter could live there rent free. Mrs Smith thought this arrangement had been documented but the Public Trust office has been unable to locate this document. Mrs Smith felt there was a moral obligation to comply with the wishes of her brother's partner. There is no legal obligation to allow the daughter to live rent free.
- Mrs Smith's daughter lives in the unit on the basis that she pays the outgoings on the property: rates, insurance and contributions to the maintenance fund (vary from year to year).
- Mrs Smith's daughter has been receiving ACC of \$579.00 per week. She could afford to pay a modest rental.
- The unit is located in an expensive area of Auckland that is popular and would be easy to rent. Properties adjacent to the Auckland unit have been advertised for rental for \$480.00 and \$600.00 per week. Even if the daughter paid a modest rent it would cover her mother's disability costs.
- Current capital valuation of the unit is \$435,000.00. Mrs Smith's daughter pays outgoings which vary from year to year but in most years' amount to less than \$3,000.00 per year or \$57.70 per week.

Deciding whether to apply deprivation

Mrs Smith has the financial resources available to meet her need. It is appropriate that discretion be exercised under Schedule 3, cls 16 of the Social Security Act to assess notional income. It is not necessary to show that the decision was made with intention of claiming a benefit. It is clear that by permitting her daughter to live in the property for significantly less than the market rental Mrs Smith has made a deliberate decision to deprive herself of income.

Having determined that Mrs Smith has deprived herself of income we have discretion to decide whether or not to charge notional income against her Supported Living Payment.

There is no basis on which we should disregard the deliberate decision to obtain no income from her asset in circumstances where she seeks an income tested benefit and we should charge the notional income against Mrs Smith's benefit.

Calculating deprivation

In this case there is no actual income being received so the notional income is what could be earned.

In the Types of Deprivation quick reference guide the notional income options are:

- the difference between what the client actually receives in rental income and the rental income using the market value for rent, or
- If the property was sold charge what interest could be earned if proceeds from the sale were invested? This would be suitable when a client does not want to rent the house or can't find a tenant.

In order to determine notional income options Mrs Smith was asked to provide further information about the unit in Auckland. Mrs Smith advised the unit was valued at \$250,000.00 and was inherited from her brother and her daughter lived there rent free.

There are two ways that could be used to assess notional income in this case:

- look at the rental income, if the lower rate of \$480 is used, after making an allowance of \$57.70 per week for expenses (currently paid by the daughter) Mrs Smith potential income from the property would be \$432.30 per week or \$22,479.60 per year, or
- look at what interest could be earned on the amount that could be available to Mrs Smith if the unit were sold. In this case assuming proceeds of sale of \$400,000.00 and interest at 4.55% (Reserve bank deposit rate as at July 2010) would produce income of \$18,200.00 per year.

In this case I would consider Rental income to be the more appropriate assessment because it is to the client's advantage, realistic, and easier for the client to rearrange her circumstances to reverse the deprivation. This would mean we would charge notional income of \$432.30 gross per week against her Supported Living Payment which would reduce her benefit to \$50.02 per week.

Because Mrs Smith is not applying for any asset tested financial assistance we do not need to assess the deprived asset value but if we did (for example she had applied for Accommodation Supplement) we would use the current market value, which was \$435,000.00.

Decide when to apply deprivation from

There should be a notice period before applying the income charge for Mrs Smith's Supported Living Payment.

The Types of Deprivation quick reference guide indicates that when the property is tenanted but not charging market rent or not charging any rent, charge notional income from:

- whatever date the client is able to increase the rent from (by law landlords are required to give 60 days notice).
- three months or longer if the tenant has a fixed term tenancy, depending on the terms of the tenancy and when it started and the last rent increase.

After discussion with Mrs Smith it was determined that one month was a reasonable time to make arrangements with her daughter to obtain a reasonable income from the unit in Auckland before applying the notional income charge to her Supported Living Payment.

Discuss and explain deprivation with the client and record details in a client event note

Mrs Smith was phoned and told of the decisions made. She was told that she needs to advise Work and Income as soon as she has a date for rent payments and the rental property allowable costs if these change. If Mrs Smith has not been able to make arrangements to receive rental income then the notional income will apply from 1 November 2015.

Deprivation Trust example

Mr Doe and Mrs Doe applied for Jobseeker Support on 11 June 2015 and disclosed the existence of a Family Trust in the application form. They were then asked to complete the Trust questionnaire and supplied documentation of:

- the Trust deed
- a full set of the most recent Trust financial statements including:
 - Profit and Loss/Statement of Financial Performance
 - Balance Sheet/ Statement of Financial Performance
 - Depreciation schedules
 - Current accounts
 - Equity account
 - Notes to the accounts
- The Taxation Summary of the Trust and themselves personally
- Mr and Mrs Doe also provided Notices of Assessment from the Inland Revenue Department but did not provide the Financial Statements requested.

It would have been open to the Ministry to insist that the appellant provide the Financial Statements for the Trust and suspend Mr and Mrs Doe's benefit if they declined to provide them. Failure to provide information when requested may result in doubts about eligibility for benefit and therefore suspension of a benefit.



Determining if deprivation has occurred

Following the Identifying deprivation flowchart we establish that yes Mr and Mrs Doe are not receiving an income where they could be therefore deprivation must be considered.

Mr and Mrs Doe are the settlors, beneficiaries, and trustees of the Family Trust and therefore have full control of the Trust. Mr and Mrs Doe do have control over the trust and therefore we need to look further.

Finding out the client's specific circumstances that may impact on the decision to apply deprivation

Mr and Mrs Doe are living in the property owned by the trust. The Types of Deprivation quick reference guide shows that the property the client lives in is not considered a type of deprivation. Mr and Mrs Doe still live in the property owned by the trust and but for the trust we would not expect the property to earn an income as it is their home.

The Types of Deprivation quick reference guide suggests the following questions are helpful for determining what we need to know about the investments:

- What are the investment/s?
- Is the Trust receiving an income from the investments?
- If not, why? for example, is interest reinvested into the principle for capital growth and/or not distributed to the beneficiaries of the trust.
- Does the client have any of control over the Trust? Who is the settler, trustees and beneficiaries of the Trust?
- Has the trust been paying the client any income (if they are a beneficiary of the trust)?
- When was the investment sold or given away? Only consider if the client gave the investment away or sold at less than market value in order to alter their financial circumstance to qualify for assistance.

The Trust documents showed that the Trusts investments are geared towards capital growth. The Trust had also advanced \$20,000 to their two children, so a total of \$40,000 loaned at no interest.

The Trust minutes recorded the Trust assets including the property as worth \$802,221.47 and that no income was generated or received by the Trust. Trust investments are currently valued at \$235,000.00 (including the amounts loaned to the children).

The Service Centre Trainer referred this information to the Ministry's Financial Analysts who reported:

- The Trust had paid expenses for the appellant and his wife relating to their vehicle and the outgoings of their home. These payments could be considered income for the purposes of the Social Security Act.

The Tax Summaries were eventually provided and showed Mr and Mrs Doe received income in the previous financial year from Maori land of \$2,652.00 and bank interest of \$1,678.00.

The deeds of forgiveness of debt and deeds of acknowledgement of debt show that the gifting programme was completed last year.

Deciding whether to apply deprivation

Mr and Mrs Doe have in effect transferred all their assets and savings to a Trust which they say is primarily for the education and housing needs of their children, although they themselves are named as primary beneficiaries in the Trust deed. It is difficult to understand why Mr and Mrs Doe would consider it appropriate to provide for their children's housing and education needs and at the same time request the State to pay them an income tested benefit. It is apparent from the information available that the Trust does pay some amounts for the benefit of the appellant and his wife from time to time including costs relating to their accommodation, but not the full amount that could be available to them.

Mr and Mrs Doe have taken a series of deliberate actions which individually and collectively have resulted in their depriving themselves of income and assets as follows:

- gifting the debts which arose on their transferring of their savings and investments to the Trust
- failing to require the Trust to pay interest on any debt owed to them
- as trustees of the Trust failing to require the Trust to pay them a reasonable income from the funds invested.
- as trustees of the Trust investing the assets of the Trust in investments geared towards capital growth rather than earning income
- as trustees of the trust advancing \$40,000 to their children without a requirement for the payment of interest.

There is nothing that would persuade us that we should not exercise the discretion to calculate notional income on the investments and money loaned to the children.

Calculating deprivation

The Types of Deprivation Quick Reference Guide advises that where the client is the Settlor or Trustee that we consider what the trust could be earning if they were to receive a reasonable return on the investment as notional income. In this case that would mean applying a reasonable interest rate on the current value of the investments which is \$235,000 (including the amounts loaned to the children). In this case it would be reasonable to use the closest available Reserve Bank six month term deposit rate as at 1 June 2015 which is 4.21%

The potential for a return of 4.21% on \$235,000 = \$9,893.50

Less actual income \$0.00

Equals notional income \$9,893.00

There is no asset tested assistance being applied for in this case so we do not need to assess the value of deprives assets.

Decide when to apply deprivation from

The Types of Deprivation Quick Reference Guide advises to allow up to 3 months before charging notional income where the trust rearranges its investments for distribution to trustees, this is because it takes time to take money out of capital growth investments.

Discuss and explain deprivation with the client and record details in a client event note

Part of the discussion with Mr and Mrs Doe about deprivation Mr Doe questioned why MSD do not take into account losses when assessing income. The answer is that the definition of income for the purposes of the Social Security Act 2018 differs from and is significantly wider than the definition of income contained in the Income Tax legislation, and does not allow for the offsetting of losses from one stream of income from profits made in another. The purpose of this wider definition is to ensure that all money available to a beneficiary is taken into account in assessing entitlement to benefit. In this case losses from one investment cannot be offset against income from another investment. Income from a positive investment is available for the support of the Mr and Mrs Doe.

Mr Doe also asked if the Trusts potential income is to be assessed if this is determined by the IRD documents provided. The answer depends on whether the investments are geared towards capital growth rather than income. The Ministry can look at both notional income based on the bank interest rates, and the actual income, and then exercises discretion as to which should be applied. In this case because the investments are geared towards capital growth it is appropriate to apply notional income based on bank interest rates.

What to do when the client changes their financial arrangements after deprivation has been applied

The action of the client changing their financial arrangements may remove the notional income and be replaced by the income that is a result of the financial rearrangement.

You will need to consider these situations on a case by case basis and decide whether the time period for reorganising the deprived income or asset is reasonable for example within the notice period (e.g. three months). In exercising discretion, you may decide either:

- to not apply the notional income if the rearrangement of the deprived income/assets is done within the notice period, or
- to apply the notional income at the end of the notice period until the rearrangement of the deprived income/assets is done

Each case will need to be discussed with the client to determine what difficulties the client may be facing in rearranging their circumstances and to determine when to apply the notional income from.

You must record a CMS Client Event Note with the details of what has happened (how the client is going to rearrange, or has rearranged their deprived income/asset) and the reasons for your decision around when to stop applying the notional income. You will need to change the details recorded in INCMH SWIFTT to reflect the changes to income following the financial rearrangement.

Note If the client has changed their financial arrangements but is still not receiving a reasonable income, deprivation and therefore the notional income may still apply.