



12 September 2023

Tēnā koe

On 16 August 2023, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- *How much the Ministry of Social Development has spent, for the last five financial years (the latest being the 2022/2023 financial year) recovering debt from people on all main benefits (jobseeker, sole parent, youth, young parent payment, disability allowance, state housing) and people **previously on main benefits****
 - *Can you please break this down by spending type, including where necessary an explanatory comment on each type. (eg correspondence, court costs, lawyer costs etc, or whatever it may be)*
 - *Where possible please also break the spending down by the type of benefit the person was on (jobseeker, sole parent etc), and please also separate spending by costs of recovery of debt of people on benefits at the time the recovery was sought, and those who were not**
- *This is to capture the difference between debt recovery when people are on benefits versus situations where they may have accrued debt while on a benefit but came off a benefit and into work, and therefore debt recovery could not be achieved through reduced benefit payments.*

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

Over the last three years, the Ministry's approach to recovering debt has moved away from a limited focus on getting people to repay as quickly as possible, towards a broader focus on measures that enable a client to sustain repayment.

There are a range of reasons why people may have a debt with the Ministry. A debt can be established due to an overpayment, following a fraud investigation, or because the client has accessed recoverable assistance. When it comes to the recovery of debt, the Ministry differentiates between current and non-current clients.

Current clients are people receiving a main benefit from Work and Income and debt repayments are made through agreed regular deductions from their benefit. The rate of debt recovery takes account of the client's circumstances and their ability to repay the debt without causing undue hardship. No interest is charged on any debt owed to the Ministry.

Non-current clients are people who no longer receive financial assistance from Work and Income but still have a debt to repay. The Ministry's Client Support Debt Management (CSDM) unit manages the collection of debt from former clients through a range of actions. These include contacting former clients by letter and telephone to negotiate voluntary payments or, when required, considering enforcement powers to make direct deductions from their income or bank account. Again, the rate of debt recovery will take full account of a client's ability to pay.

In the 2022/2023 financial year, the Ministry recovered more than \$470 million worth of benefit debt from current and non-current clients.

Please see **Table One** below, which shows staff and non-personnel costs for the CSDM unit in the financial years 2019 to 2023.

	2018/19	2019/20	2020/21	2021/22	2022/23
Staff Costs	\$7,169,819	\$8,009,740	\$7,909,815	\$7,978,067	\$8,248,686
Non-Personnel Costs	\$357,040	\$272,930	\$334,328	\$167,380	\$224,419
Total cost	\$7,526,859	\$8,282,670	\$8,244,143	\$8,145,447	\$8,473,105

Notes for Table One:

- Staff costs covers staff salaries, including superannuation scheme costs, ACC costs, and, where relevant, Higher/Special Duties Allowance costs, staff annual leave costs and other smaller personnel costs.
- Non-personnel costs include office expenses such as postage and courier costs, staff tearoom costs, stationery and consumables costs, telephone costs, travel costs, cleaning costs, equipment repairs and maintenance costs.
- Since 2019/20, CSDM resources have been diverted as required to support the administration of COVID-19 Economic Supports, including the processing of applications in 2020 and 2021 and on-going recovery work related to the subsidies.

A more in-depth breakdown of the above costs, such as by benefit type, would require a substantial manual review. Therefore, we are refusing this aspect of your request under section 18(f) of the Act. The greater public interest is in the effective and efficient administration of the public service.

The Ministry does not have a team solely responsible for the recovery of debt from current clients. As noted, when this type of debt is established, Work and Income front-line staff, usually case managers, negotiate a repayment rate that takes the client's circumstances into account and aims to be sustainable. However, for case managers, helping clients manage their repayments is just one part of a highly varied role.

The Ministry is unable to provide you with staff or other costs associated with the recovery of current client debt because, in this instance, disaggregating costs that relate solely to debt recovery activity would require a substantial manual review. Therefore, we are also refusing this aspect of your request under section 18(f) of the Act.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

As explained earlier, current clients with debt to the Ministry make repayments through agreed regular deductions from their benefit payments. Similarly, when a non-current client refuses to repay or is not able to be reached, the Ministry is able to exercise its enforcement powers to make direct deductions from their income or bank account. Given the recovery options the Ministry has available, it does not need to take court action to recover benefit debt.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter on the Ministry's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response regarding benefit debt, 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

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end.

George Van Ooyen
Group General Manager
Client Service Support