



# Lifting the Weight

*A Fairer Future Report on Experiences of Debt  
Owed to the Ministry of Social Development*





## Executive Summary

- At least 461,000 people in New Zealand – almost 1 in 10 of the population – owe debt to the Ministry of Social Development (MSD), and this number is likely to have grown since these figures were calculated in 2020<sup>i</sup>
- The average level of debt owed by each person in debt is \$3,550<sup>ii</sup>
- Behind these stark numbers are real people and families in severe stress as a result of debt; this report provides a window into the impacts of debt, through the stories of seven people
- These stories detail:
  - How debt owed to MSD is deducted from the benefit, resulting in less income to deal with everyday basic needs as well as dental and other physical health challenges – and creating major difficulties when a person also faces private debt;
  - What it's like to work for Work and Income New Zealand (WINZ) and then to be belittled by WINZ processes, to be in debt at Christmas time, and to have to deal with the pressure of that debt while supporting children with severe health needs;
  - Impacts of long-term debt (debt that will be paid off over 390 weeks) and insufficient income support;
  - How relationship difficulties and MSD debt are often interrelated, how racism in the criminal justice system manifests, and how bankruptcy can impact someone's life, including their ability to travel and do things considered normal by others;
  - How complicated rules relating to child subsidies and Accommodation Supplement can give rise to debt, and how investigations can be humiliating; and
  - How 'overpayment' debt is treated differently to private sector debt, how difficult it can be to resolve issues with call centre staff, and how MSD bears at least some responsibility for overpayment debt.
- These stories point to the importance of: wiping debt owed to MSD, universal services, better disability support, ending sanctions, increases to income support (and wages), and enhanced MSD processes as well as more generous and accessible supplementary assistance
- Fairer Future continues to advocate for these changes, and continues to build a coalition of people and organisations whose shared vision is a more equitable, inclusive system which provides sufficient income for people to thrive



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## Introduction


In late 2020 over 70 organisations called for the Government to lift levels of income support.<sup>iii</sup> The Government initially declined to do this. A number of us then formed a coalition, Fairer Future, convened by ActionStation, and we continued to advocate for a better welfare system, drawing on (among other things) the 2019 Welfare Expert Advisory Group report.<sup>iv</sup>

In particular, we placed lived experience at the centre of our advocacy – supporting individuals receiving income support to share their stories in the lead-up to Budget 2021.<sup>v</sup> When the Government announced increases to income support at Budget 2021, we did not think the Government went far enough, either in the size of those income support changes, or in addressing other related aspects of the system of income support. Other campaigners and commentators shared this view.<sup>vi</sup> At the beginning of 2022, we highlighted the shortfall between levels of income support and what is enough to live on.<sup>vii</sup> We also set out seven key policy steps that we considered would transform the income support system for the better: ‘Seven Steps for a Fairer Future’.<sup>viii</sup>

This report builds on the priorities and approach of the Fairer Future coalition. It focuses on debt to MSD, since this is a problem that has become more visible to our organisations in our work in recent years – and because debt to government is a policy area where we consider action is urgently needed, and possible.

This report places the experiences of people in debt to MSD front and centre. Sharing stories of indebtedness is crucial to strengthening a coalition that can call for change. Stories add texture, detail, and humanity to ‘technical’ policy discussions. They can correct misconceptions and provide a depth of understanding that cannot be communicated through other forms of analysis. We draw on these stories to make recommendations that we will continue to advocate for.

We have endeavoured to show care and sensitivity in compiling these stories. As Fairer Future, we agreed values and processes to be honoured when working through stories of lived experience, building on our past experience. Next, within our organisations and their contacts, individuals willing to share stories were identified. With the assistance of frontline advocates, we made contact with six people. These people have been given aliases. One Fairer Future representative worked with each of these people, and often others, to talk through experiences, and to write and edit their stories. All except one are written in the first person. One further story was added to this report from earlier Fairer Future work (a story that does not use the author’s alias). ActionStation drew out the policy implications. Before its release, the core organising group for Fairer Future reviewed the stories and recommendations.



A key theme is that the individuals affected are so much more than their debt – these are people with skills, interests, and social connections whose experiences with debt are restricting them and affecting how others see them. These are real people living real lives. The stories reassert the fullness of their lives and aspirations, while highlighting how oppressive and limiting debt to MSD can be for people.

The report begins with seven stories: those of Alex, Sylvie, Igor, Nancy, Apanui, Olivia, and Anne. It then lays out what these stories call for: in particular, the wiping of debt owed to MSD. A conclusion sets out the next steps for campaigners and government.



## Alex's Story

I always hated debt and prided myself on not having debt. But I want to explain how I've ended up having to repay debt to different people and places. I hope it gives people some insight into how debt can become a problem in people's lives and what needs to change so that other people don't have to go through what I've gone through.

### Growing up

I didn't have an easy upbringing. I was one of six children, born in Hamilton. Both my parents were alcoholics, and there was domestic violence and trauma in the house. I started working at a young age, for example dishwashing at a private school.

My Dad crossed boundaries and eventually separated from my Mum. My Mum had an emotional breakdown and drank more, and one of her male friends opened the door to my room when I was young. I had to have a lock on my bedroom door from then on.

I was determined to give my children a different life. I'm now a parent to three children. For a while my husband and I lived in a family home, owned in a family trust with myself, my husband, and his Dad.

### How everything changed

All that changed when my husband had a breakdown, was diagnosed with bipolar, and his business went into liquidation. Our marriage ended. I had been working at a centre supporting kids with special needs. I couldn't juggle everything with my marriage ending and three kids to look after, so I had to give notice.

My daughter was paranoid, my eldest son was depressed, and my youngest didn't know what was going on. Now that I was out of work, looking after the children, I didn't have enough for bills or rent or food. I tried to go to WINZ for help, but there were different staff every time. The doctor cost \$44 a visit. I started having to spend money I didn't have. At the same time, I was going through a lengthy fight over the separation and parenting orders. I got legal aid, and a debt of about \$4000, which I was paying off at \$15 a week.

That's when I hit breaking point at Work & Income. I ended up a crying mess after being told I needed "another doctor's form". Without the support of Craig, an advocate I was put in touch with, I don't know where I would be now. I remember having to get Christmas presents from the Barnardos Wishing Tree, and struggling to pay rent to the family trust that owned my home while my ex-husband and his Dad pushed to sell it.

I applied for public housing but I was declined because I'd had a mortgage before. I was declined from community housing assistance too. I became so distressed that I backed my car into someone else's car. I'd never had to deal with insurance before, and as a family we couldn't go on holiday. I made a funding application to Lions just to pay for school uniforms.

All my kids were struggling at this time, and especially my daughter – who was born with a congenital birth defect, which affected her self-image and led her to being bullied. She had overcrowded, crooked teeth, and wanted braces. My ex had always said he'd pay for them, but he didn't, and again I did a funding application to a foundation just to pay for dental costs.

The end of my daughter's time at school coincided with a hugely stressful time with WINZ. I'd been taken off Supported Living and put on Jobseeker, not recognising the caring role I was playing. Then my benefit was cut and all financial support was removed from my daughter when she turned 18 – even though we still had to manage difficulties arising from disabilities. I spent months trying to get her on the Supported Living Payment, and at the same time my ex-husband took me through a child support review process. It was ruled that I had to pay child support on the basis of full-time wages (they judged that I had full-time working capacity), not on the basis of the benefit I was receiving.

This resulted in me incurring another debt. I was only receiving a Jobseekers benefit so I didn't have enough to pay the child support. In the end, IRD ruled that my child support debt was to be deducted from my benefit on a weekly basis.

I eventually was transferred back to Supported Living Payment, and was backpaid what Work & Income had short-paid me. But IRD wouldn't review the child support decision based on Jobseekers when it should have been Supported Living Payment. So I still have to pay back the debt. Nothing was easy. For my daughter to get the support she deserved she had to prove she had a disability. Her Supported Living Payment was only approved after I wrote to the Minister for Social Development.

Eventually my daughter got university entrance and then got a place on the course she wanted to do: a two year youth work certificate course. She has autism so working with people is a challenge, but she has a passion for kids on the fringes. I'm really proud of her.

### **Debt is everywhere**

But debt still fills my life. I owe over \$2,165 to WINZ and \$31.50 a week is deducted from my benefit. I've got credit card debt, and a loan from the family trust to pay rent and the mortgage – not to mention the rates I have to pay (even after applying for

rebates) and insurance. More recently, with my fridge/freezer breaking I now have another debt for its replacement.

My ideal would be to be debt-free. I don't have the money to get new glasses or go to the dentist.

With the stress I'm going through I have been clenching my teeth, and waking up with a sore jaw. I know I could get a mouthguard, but that would just cost more. WINZ declined my last quote for dental care because it wasn't emergency dentistry.

I have mitral valve disease with my heart after rheumatic fever as a child. I know that I should be avoiding gum disease to prevent damage to my heart. I also have chronic IBS, and a neck that's been painful for many years after three severe car accidents. Rolling over in my sleep is painful, and I struggle with chronic fatigue and exhaustion. But I don't even have the money to go to the doctor.

WINZ agreed to fund \$70 per session for some counselling, but they never fund the full amount. And all this is just a snapshot.

I'm trying to value myself more. I like going to the op-shop and doing some retail therapy. But it just seems to have been such an incredibly hard life for so long.

My son died two years ago, and every day I choose life. I try to focus on the positives, drawing strength from my faith. I try not to be in constant fear that WINZ will cut my benefits. I can't help but wonder: unless I win Lotto, what's going to change in my future to pay for myself for essential items like having your teeth taken care of and your eyesight and doctor visits?

### **What has to change**

The system has to change. You see different people each time at WINZ. The cost of the GP and the dentist doesn't have to be what it is.

How can you ever feel good about yourself and life going forward if you've been weighed down by debt?

Counselling is so expensive, but it's so crucial for our mental wellbeing.

You shouldn't have to prove and prove again that your child has a disability.

You shouldn't have to constantly answer questions. WINZ constantly questioning you doesn't feel good.



I'd like to see a special department in Work & Income for really complex cases. I've heard they have something called integrated case managers but I've never felt like I get specialised help.

This would at least be a start. A way for life to be a bit less hard for so many people.



## Sylvie's Story

I've worked for Work & Income – and I've also been on the other side of the desk, seeking income support just to meet basic needs. I've gone from being part of the Work & Income “family” to being distrusted, devalued, and seen as a liar. I went from being a “respected colleague” to being perceived as an enemy of the state. Here's how that happened.

### Who I am and how my life changed

I'm originally from Australia and have a background in counselling and youth work. I've always been drawn to work with different cultures, and I was raised with a strong work ethic. I worked in youth work, before moving into youth development and disability: a lot of what I did was about helping people. I set up services in outback towns, trained people, and trained people in hiring processes – and loved it. I moved to New Zealand for a relationship, and I love this country. I love the people and the green. Since being here I've worked in the council, and then at Work & Income for three years, where I was given big targets to get people into work.

A lot of things changed in my life when my son was diagnosed with autism, aged two. Soon after, my son's father said, “I'm out of here”. That changed my work situation and meant I had to move out of the home that I was in, facing almost immediate financial pressure. I went from being in a really nice house to not affording a rental. There weren't many services out there for my son, and I was a crying wreck. I'd worked hard to have good credit – but I had to go into debt at this point.

### Getting into debt

I remember standing in the rain with my son outside Salvation Army for a food parcel. I remember being pushed into hire-purchases around this time, to get a car and just to make it through the week. I was determined to make life for my son as good as it could be. At this time you could get a “special benefit”, but that was reviewed every three months. I constantly had to prove everything, including the need for a full-time carer for my son. And every time I started to work a few hours a week it made things complicated.

My case manager at WINZ was my old training supervisor when I worked there. We were mates at one time. Now we were on the other side of the table from each other.

Every year, when my vehicle needed repairs and when my son needed his uniforms, I got into debt. I was too scared to go to the dentist and my son wouldn't go near one because of his own health issues. My son needed a sleep apnea machine and that added to our costs. We had to pay \$5,000 for that machine. Borrowing \$5,000 means

\$10,000 now on the interest we were paying. It was what everyone talks about: just this cycle of debt. My bank wouldn't touch me because I was on a benefit, and when WINZ wouldn't help with money, I had to go to lenders charging high interest rates.

### **Christmas in debt and on a benefit**

People should know what it's like to be coming up to Christmas on a benefit and without any money. I remember feeling like my son was going without so much. With what little I have I just want to bring him some joy. A few weeks after Christmas one year I ran out of money because I wanted to spoil him.

My son has had to deal with real trauma in his life. He needs help getting dressed everyday and making his own food. He wakes up and he's too tired to eat. So much of my life is just looking after him – and being his advocate.

### **Life now**

Changes in government really do make a difference. Under National governments you have to fight like hell for welfare. Under Labour more people are told about their full entitlements in my experience. But there's so much wrong with the system under both governments.

I'm now getting \$299 a week. Rent and debt owed to MSD comes off before that comes to me. I feel so blessed that I'm in a Housing New Zealand home, but with so many people homeless, there's the underlying fear that someone else will need your house more and that you'll get kicked out.

I won't let my son go into debt with WINZ, but with his medical needs costing more and more (including his service dogs) it's pretty hard. I rely on friends for hand-me-down clothes and if I wanted to get my son new clothes it'd mean going into debt. I feel like we're in this poverty cycle that I don't see a way out of unless I win Lotto – which I can't afford.

### **“It makes even the nicest people into jerks”**

I now know what it looks like being on the other side of the WINZ desk. When I worked there I used to hate it when people smashed my computer, when I was on the other side of the desk. Now I have panic attacks. I never go in alone; it's all over phone or email. I've lost my cool a few times. I'm treated like I'm asking for things that I'm not entitled to – as if they're doing you a great honour. It makes even the nicest people into jerks.

They're holding our ability to live and to eat and to pay bills. My new case manager takes \$15 or \$18 a week off what I get from WINZ to repay my debt. They say I'll pay back the debt over 104 weeks. It's the sense of control that weighs you down.

### **There's so much I'd like to see changed**

There's so much I'd like to see changed. A basic living wage. I'd like to be able to pay my electricity, my petrol, clothes, the bike that I can't afford.

I think they need to look at disability a bit differently. Parents who are carers face a lifetime of care. My son will never flat, take public transport, or walk down the street because of his anxiety. For me, it's about creating a life for him where he can have some joy. I'm hoping he could go to his local library, his local dairy, learn how to use Uber, learn how to bank online. If something happened to me, God forbid, he couldn't go into Work and Income or talk on the phone right now. He doesn't have the cognitive ability to manage his own finances.

Things like a sleep apnea machine should be funded as part of essential healthcare given our needs. And there needs to be less control. They not only dictate your money: they dictate what therapeutic things you need, and who can give them to you.

You should have the same case manager, who knows your story, knows your goal, knows what you realistically can do. You should be supported. I tried to start my own business but they didn't even want to see my business proposal. I also tried the study route and didn't feel supported.

Writing off debt would make a huge difference, emotionally and psychologically, and to your wellbeing. And we need less shame. My son has lived with the shame of his mum living on a benefit. I don't socialise in person – living like this affects every part of your life. I just feel like I don't have any power, including over my rent.

I wanted to tell this story for my advocate. Without him, I would have lost my income. I could have become a statistic. I'm doing this for him.



## Igor's Story

Igor has had a long-standing relationship with the Ministry of Social Development, a relationship that has helped him through hardship but has also resulted in hardship and stress. As of October 2022, Igor owes MSD approximately \$7,800 – an amount he says has not decreased despite having \$20 per week deducted from his benefit since 2019.

Igor is on the Sickness Benefit, a benefit he has been on since a near fatal car crash in 2002. “I came out better than my partner at the time, she’s a tetraplegic,” he says. Igor walked away with a C4/5 fracture in his neck and now a titanium plate as a result. He still struggles with the guilt from the accident.

The money Igor owes MSD stems from several things. A few fines, loans to help him get by, loans for surprise bills, and then there’s the loans he’s taken out for dental work.

With no interest and no new debt, it will take him around 390 weeks or seven and a half years to be debt free.

Igor says that he doesn’t mind paying the money back. What bothers him is that whenever benefits go up, he gets less in the hand. “My benefit went up, my rent went up, and the amount I had to repay went up. I wasn’t even much better off. I can never win,” he says.

He says he doesn’t live day to day, dollar to dollar anymore, but the money he receives is barely enough. That extra \$20 would make a huge difference for him.

He says there are ways that MSD can cut costs and wipe debt. He wants them to review their practices so they stop wasting time and money, calling and sending him letters asking him to prove that he’s getting ‘work-ready’ when he has a doctor’s certificate saying that he can’t. The money spent pursuing him, he believes, would be more than enough to wipe his and others’ debt.



## Nancy's Story

I was born and raised in South Auckland in the 1980s. We had a huge family, raised in a traditional way with cultural values, with both sets of grandparents living with us. I was the only girl in my immediate family and it was strict but I was really loved.

I remember playing on our street, going to church, and doing the things I was expected to do within my family: ironing, tidying, and looking after my siblings. I spoke Sāmoan and actually didn't understand English at primary school. I was good at sports – I became really good at sprinting.

I want to share my story here about debt to MSD, and my experiences with MSD, because I don't want what happened to me to happen to other people. And it's still happening.

In explaining my story of debt, it feels important to mention something that happened to me that changed me when I was younger. It started when we were young and it had a massive effect on me growing up. And I did some things that I wish I didn't have to do.

I'm not saying that was the only thing that explained what happened later, but that trauma really changed me as a child, and my relationship to anger and violence. It also really changed my relationship with myself. It changed me as a person. I had to learn to defend myself and I struggled with trust. Not being able to speak out about it really affected me too.

I first came into contact with the welfare system in the late 90s when I was about 18 or 19 years old. My life was spiralling at that time – I was already in debt.

I'd been working for an airline, and I got a promotion. I was working with my boss's niece, she didn't get a promotion, and some nastiness began. After I left a packet of lollies on the counter, I was fired for "unprofessional conduct". That was my first time experiencing workplace bullying. I was determined to challenge this, and so I took my own employer to court. Eventually I won.

I used all my money from the settlement to pay off some of my hire-purchase debts, but my car had already been repossessed as well as various other household appliances and whiteware. Money management was never my strongest when I was young and I had never heard of budgeting or had anyone help guide me through this stage in my life and teach me about it.

At this point in time, my relationship with my ex-partner was quite toxic. We were both young and inexperienced about life in general, let alone being parents. We both had

a lot of issues we were dealing with as individuals and as a couple, and we were young and had no sense of direction. He had no job and he also had a criminal conviction and it was hard for him to find work. So we struggled financially, emotionally and mentally and everything was spiralling. I felt that it was all on me to try and support our small family.

It took me a while to find another job but I eventually did and it was only part-time. I started to get into debt again and the pressure built up around this time and I did something I'm not proud of, starting to make unwise decisions. I began taking money from my employer to cover my bills. I got found out and charged with theft as a servant, and dishonesty.

I remember getting poor legal representation in court and so I thought I might get a fine or community service because it was my first offence. I was sentenced to 18 months' imprisonment and ordered to pay reparation as well. At the time that I was convicted, my eldest baby was two, and I was five months pregnant – but I didn't tell the court. I didn't tell anyone because I was ashamed. The majority of women in my wing (8-10) were there for fraud and all of us were Pasifika and Māori. Someone was in prison for 20 days for stealing a packet of chips.

Eventually I got out of prison and got granted parole. I came out different. I wasn't the same person I used to be. I experienced a lot of shame and fear about people looking at me differently. I'm still living with the stigma and judgement and I had no love for myself. I did everything to try and get a job but it's really hard when you have a criminal conviction and being judged left, right and centre.

I didn't know about the benefit at this time. My auntie – who worked for Social Welfare – said, "Are you on benefit?" She explained what it was and I soon went on it to cover my bills, which were accumulating at the time. I'd turned to hire-purchase and loans.

When my auntie first explained what the benefit was, I thought it covered everything – my auntie made it out that it was a really generous, high-trust system. But the benefit wasn't enough to cover car payments or hire-purchase. I also remember having to attend a "work seminar", where they talked to us like we were dumb. I was told to give my son to daycare, which didn't ring true to me, since I was used to kids and family coming first. Like all of us, I had family and church obligations too. I wasn't eligible for a lot of government assistance because of my conviction, and MSD were not very helpful and were always judging me because of my history. After a while I got tired of hitting brick walls and I ended up committing more fraud while on the benefit, to survive. I had no other choice.

For this sentence, I was ordered to pay reparation, and community service, and my debts to IRD and MSD – and loan sharks – piled up. Bailiffs came round to my house every time I missed a payment. I didn't realise they could clamp your car. I'd get letters

from IRD and the courts reminding me of my debt, and I'd have money deducted from my benefit. (Only years later did I get this deduction reduced when I was told that I could challenge the deductions.)

IRD filed for my bankruptcy and I was declared bankrupt in 2008. It was only in October 2021 that my bankruptcy was discharged. Being bankrupt meant I had to apply for permission to go overseas and I wasn't able to get any more loans or credit. I also wasn't able to get insurance and my Kiwisaver was suspended. I wasn't able to rent anywhere as they check your credit rating. Even trying to do simple things like opening a bank account was really hard. On top of those things, I wasn't able to get a job because no-one would hire me. I attended two years of work seminars with Work and Income and still couldn't get a job. I was the only person who did the same course five times with no success in getting any employment.

It's hard to put into words the impact that had on me. I missed out on family things. It doesn't give you any motivation to aspire to anything. It's just a buzzkill. And I've never been supported by MSD through this. They have not once helped me to pay off my debt. MSD actually made it harder for me to survive. Their main contact with me was to suspend my benefit and tell me to attend appointments, even though they knew they weren't working for me.

Somehow around this time I found the strength to get through my studies, and that's helped me through this all. I ran into my old sports coach one day in 2009 and she encouraged me to study. I studied sports and recreation and continued to complete my diploma. I have a deep passion for coaching and working with kids aged from primary to high school. I coached league, athletics, netball, and softball/baseball just to name a few.

In 2017 I actually believed that there was something mentally wrong with me because everything around me was still falling apart. I was suicidal, depressed, and emotionally broken. I felt like I was taking two steps forward and a hundred steps back. I was in such a dark place, sleeping all day and all night, not eating, not getting out of bed, thinking of so many bad and negative things.

After a long hard think about my life and what I wanted to do, I decided to study again. I wasn't meant to study this course – I was actually enrolled in the business course but for some reason when I attended my first day, I walked into class and realised an hour into class, that it was the wrong one! But I found this course really interesting and wanted to learn more. So I withdrew from the business course and quickly enrolled into the mental health course, and luckily they had space for one more student.

Best mistake I ever made ... This course helped me to understand and find myself again. I've finally learnt how to control my anxiety and panic attacks and also how to deal with my triggers and find positive coping mechanisms that work for me. In this



course I learnt about Te Tiriti o Waitangi, effective communication styles in mental health, and health legislation. I realised after completing this course that there was nothing wrong with me at all and it gave me a new sense of direction in life, hope and faith. It triggered a lot of things and brought back haunting memories, nightmares and trauma from my past – but it also gave me the courage and strength to finally seek help and I started seeing a counsellor to help me unpack and unload everything from my past that had come back to haunt me. I continued to see her for two years.

After the mental health course I found an organisation that helps people on the benefit. They helped with a food grant as I was desperate and WINZ were still declining me for basic essential needs! I didn't know that meeting these wonderful human beings and organisation would be the start to an emotional but incredible and empowering journey. I love the mahi I do, the people are a part of my family now and I wouldn't be here if it wasn't for them to be honest. They helped and encouraged me, empowered me to become stronger and be more accepting of my past, believe in myself, and how to move past the stigma, judgement and discrimination and now I love myself.

I know the system has to change. Because people are still being affected by it – people are still having to lie to survive, selling drugs and their bodies to put food on the table, and doing things like committing crime for extra money.

We need to get rid of sanctions in the welfare system as I've been affected by so many of them and they don't work. They just make things a lot harder for people and especially mothers. I want MSD to rewrite all their policies, which are a big part of why people go into debt. I'd like to see MSD and WINZ just give grants, so that all essential grants are non-recoverable. I'd like to see things like free dental and free school uniforms, just to name a few.

Wiping debt to MSD would have made a huge difference for everyone on the benefit, and I think about how if those in power covered everyone's basics, we'd be an awesome country. We could do the things we really want to do - live, laugh and love!

I'll keep fighting for all these things, and for people struggling in the system right now. I hope my story helps people to see how some people end up in debt, and what it can do to our lives and communities.



## Apanui's Story

In November 2020, I became a rough sleeper. It wasn't just me. My co-parenting partner and my 15-year-old daughter were also left without a roof over their heads.

We had been technically homeless for three months before that date. After struggling to find anything in Tauranga that we could afford to rent, we ended up in temporary accommodation arranged by MSD. They put us in a B&B before moving us to a motel.

Then MSD told us they had arranged another motel for us, and stopped payments to the motel we were in. But when we got to the new place, we were told that the paperwork hadn't been completed by administrators, and we could not move in. I was later told that the questions I had about privacy at the motel were interpreted as declining the terms of accommodation.

So, for two weeks, my co-parenting partner and my daughter and I lived out of a car. It was just the worst feeling you could imagine. We stayed in carparks for short periods so that people thought we were only visiting. We felt shame, shock, anger, and hopelessness. We were emotional wrecks and couldn't think straight.

As tangata whenua, I felt like an alien in my own homeland.

During this time, we made repeated contact with WINZ to ask for help.

Things got worse after MSD decided to treat me and my co-parenting partner as being in a relationship in the nature of marriage. That meant we were entitled to less financial help, because MSD rules assume that people in relationships can live more cheaply together than people not in a relationship.

I co-parent, and my co-parenting partner and I live together. Although our relationship ended when our daughter was around five or six, we remained friends. Last year, we decided for our daughter's sake to live together as co-parents — to support her wellbeing and education.

But we are not a couple.

However, MSD told us that our payments would be stopped unless we signed a "partner inclusion agreement". We signed that, out of fear. I now wish we hadn't. We've been waiting for the outcome of a review for six months — an extremely long time considering that MSD stops your payments instantly.

As a result of signing this agreement, we were told we owed more than \$40,000 to MSD. This amount was calculated from the time MSD believed that the two of us as co-parenting partners began living in the nature of marriage.

That debt, on top of causing us shock and disbelief, has stopped us from getting a simple \$50 food grant when we've needed it.

I've also applied for Temporary Additional Support and been turned down.

Throughout this process, when we were desperate for help to alleviate our hardship, I felt like we were treated as if we were a number.

I'm lucky that, in December, my father, who lives in a state home, asked me to move back in with him. This means we're not sleeping rough anymore. It's overcrowded there, and there's black mould in the house, but at least we're around whānau.

I don't know what I would have done if it hadn't been for my dad.

My whānau name is Koopu, and like others who have been in this position, I have a longer story. I was raised on tribal land in the eastern Bay of Plenty, at Tōrere, Maraenui and Whitianga. My iwi is Te Whānau-ā-Apanui.

I'm the fourth of seven children, and we grew up with an attachment to the sea, to the rivers, and to the forest. We had a strong union with the land as a provider and we never went hungry. Dad was a bushman and I wanted to be one too. After I left high school, I worked in silviculture. We tended pines, from planting to production.

However, the loss of my eldest brother, Daniel, who was also my business partner and best friend, meant that I had to move to the city to find work.

In the city, I had a relationship, and we had one child, my daughter. When baby was born, her mother and I moved out of the city again. I worked in orchards picking fruit, and even went to Australia for a year to work in horticulture. But after our relationship ended, I couldn't get work. Out of necessity, I applied for the sole parent benefit.

I know I'm not the only one who has faced this process, this hardship, and this racism. I've seen people literally begging for a food grant and being denied. I've seen so many of my people coming out of WINZ pissed off and angry.

Last year, I also watched my younger brother being made homeless — on Christmas Eve. He was told by MSD that he had to leave the sleepout he was renting because it had no toilet. (The toilet was in the main house.)

Things have to change.

The system of housing people in hotels and motels often leaves them under the control of hotel and motel owners. For instance, when the AIMS Games (an annual school sporting event) comes to Tauranga, the people living in the hotels and motels are forced out of their units with nowhere to go, to make space for other families to enjoy their children's sports outings.

It seems like making families homeless is becoming an accepted practice among hotel and motel owners in Tauranga, who depend on emergency housing clients to pay their bills in the off-season. No one seems to think about what these sudden upheavals mean for the tamariki, whose educational progress, emotional stability, and personal wellbeing are affected.

The rules on relationships in the welfare system need to be updated. You should be allowed to co-parent, or live with whānau, without being treated as being in a relationship in the nature of marriage.

The processes are too slow and there is no accountability for decisions that can drive already vulnerable people into deeper suffering and hardship.

And the government needs to pay attention to the relationships between administrators and the people receiving the benefit — a group of people that often share the same history, treatment, and ethnic background. These are people who often experience shame and embarrassment and may not want to come forward to speak openly about their mistreatment.

Administrators have a duty to protect beneficiaries and not to force them into hardship. From what I've seen and experienced, MSD no longer has the beneficiaries' best interests at heart — if it ever did.

Māori also need to have the right to self-determination and to administer our own affairs under Te Tiriti. Racism today is sometimes hidden or subtle, but it still needs to be confronted.

Māori are some of the worst affected following the pandemic and in our growing housing crisis. Among the very worst off are our babies and our old people.

Transforming our welfare system would be just a start towards addressing these broader problems.



## Olivia's Story

I didn't have the perfect upbringing. When my parents separated, my family had our first encounter with 'social welfare' (as it was called then) that I can remember. My grandmother went to social welfare to try to get custody. Us children ended up in foster care.

After a tough time growing up I found paid work. I'm a qualified hairdresser and I've worked as a legal executive. For the last nineteen and a half years, though, I've worked in a call centre. Part of the reason I'm still there is because of my experiences with MSD and debt. That's kept me in my marriage and it's affected me leaving my job.

Just after I found out I was pregnant with my youngest, I got a letter saying I was being investigated for benefit fraud. That was almost a decade ago now.

I remember getting trolleys and trolleys of folders – their evidence against me. I was so grateful for a family support advocate who got me through all this. But I went into full panic mode.

I still don't fully understand what I was accused of. I'd been on and off the benefit, and I'd received the Accommodation Supplement and childcare subsidy. What I remember is that they had gone through my Facebook pages, bank statements, my hire-purchases – and had even gone to my midwife. They'd tried to meet my husband and his boss to dredge up history. I was told I was lying, and that I had been in a relationship with my husband the whole way through – when in reality that had not been the case, and we'd spent time living separately. My spending got scrutinised: I remember being told I'd spent all my benefits on takeaways.

In the end I was cleared in court, but I was told that MSD had the right to get payment from me for a \$80,000 debt I owed for child subsidy. I still don't understand how they calculated this figure – though I remember being told it was about whether I had been entitled to child subsidy, while also getting 20 free hours of ECE funding.

Through the process of a review committee, I felt like a criminal from the word go. It really knocked my confidence. Not many people will realise how hard and nerve-racking it is to be in that setting, and not being able to represent yourself in the truest form possible. It turned my relationship with my husband upside down. And I felt shame: I haven't been to a work-do for years, because I feel like I'm constantly being judged. I don't trust anyone. I have one friend. I'm pretty closed off – I don't socialise, I don't leave the house, and I work from home. I've also faced more suspicion from family.

I now have a payment arrangement where I have to pay back a bit of what they say I owe, week by week. I want to pay it back because if anything happened to me, I wouldn't want this on my family. My youngest son has an intellectual disability and has faced real challenges at school.

\$10 a week might not sound like a lot to pay back. But sometimes we need that \$10. I know I won't ever pay back what they say I owe. I'll be long gone by the time I get up to what I owe.

I'd never experienced debt like this before. I'd had a mortgage and student loan, but those are different. I'd had a credit card. But you can pay off all those debts. This one feels like it's never going to go away.

I can't tell you what a difference wiping debt to MSD would make. I'd be freer in my own head. It would lift things off my shoulders. But it's also the stigma that would change. I'd feel less self-doubt about people judging me.

Other things need to change, too. The information-gathering that goes on goes too far, in my view. It's an invasion of privacy. And investigators need to have better people skills. With me, the assumption was: you're guilty, we're going to prove it.

It's a hard society that we live in. It's sad that this is how people are treated. The amount of shit I've been through should have broken me ten times over. But I'm not the only one.

MSD needs to find some compassion. To realise not everything's so black and white. We're not all robots. We're still human.



## Anne's Story

Debt with MSD doesn't work the way most people think debt works. When you hear about "debt", you might think about someone choosing to get a loan out to make a purchase. You might think about weekly repayments, that add up when you combine the repayments with interest.

With MSD, what's happened to me – and to others – is you can go into debt because of "over-payments", which MSD calculates based on what happens in your life and what you've done in the past. Sometimes you can be in debt without realising, and that can affect your ability to meet your basic needs. That's what happened to me.

I was lucky enough to receive an inheritance. Many people won't know that there's a 'cash assets limit' for getting Accommodation Supplement, which is available to provide support with housing costs. The limit is currently \$8,100 and my inheritance took me above that cash limit.

After I got my inheritance I rang the Ministry of Social Development call centre. I wanted to know how this would affect my entitlements, including the Supported Living Payment I receive because of my disability. The person who answered the phone had to ask a colleague about it, and advised it would not affect my benefit.

A few months later, though, I noticed that my inheritance had not been added to my account of cash assets. Because I wanted to be upfront and honest I rang the MSD call centre. Only then was I told that call centre staff cannot change the information recorded – what sounded to me like a rigid rule. A case manager had to ring me separately for a phone appointment.

The result of this was that I was told I was in "debt" of over \$,3000: I'd been "overpaid" because the call centre staff had not taken the Accommodation Supplement into account. As a consequence, I have to pay back this money weekly – money I didn't even know I owed. All this because Accommodation Supplement wasn't stopped when I called the call centre.

This kind of experience makes me angry because no one can be held accountable. The complaints process for Work and Income is all about decisions; it's very difficult to complain about process, lack of knowledge, or training defects.

Call centre staff should be better trained and better equipped to respond to changes of circumstances when they are called by people receiving income support. And we shouldn't have a system where it's assumed that everyone understands the complex interactions, which can put people into debt – sometimes without realising.

There is another inequity in the system that affects me. People who only pay 25% of their income in rent are allowed up to \$42,000 dollars in cash assets. Those getting the Accommodation Supplement face a much tighter limit of \$8100. It's not clear why the discrepancy is this large. It's unfair in my view and means I need to draw down on my inheritance to have enough money to pay for food: because income support levels are too low to pay rent and food when you are not entitled to the Accommodation Supplement. This is also another reminder that income support needs to be increased. The final change I'd recommend is that debt should be written off. I've faced debt arising from the department's own actions, which have allowed the debt to accrue, and that highlights the unfairness that so many of us face.

These changes – better training for call centre staff, lifting the cash assets limit for the Accommodation Supplement, writing off debt – would be just a start. But they would make the lives of so many people just that little bit easier, and just that little bit better.





## What Needs to Change?

Each of these stories contains its own insights and details. The stories together show a range of people who have faced struggles with debt to MSD, as a result of how the current system of income support operates. They all deserve careful attention, including for revealing how debt to MSD feels: the shame, the stress, the pain of not being able to provide for loved ones, the feeling of being weighed down. The stories also show the policy changes that are needed, concerning debt and related areas. These are worth elaborating on as we consider how we change the system of income support to ensure no one has to go through what the people at the heart of these stories have experienced. If implemented, as these courageous people have said, they would prevent unnecessary suffering and disadvantage, and better equip the system to help people move forward in their lives.

*Wipe debt to the Ministry of Social Development so that people and families can build the lives they want to lead*

Almost all of the accounts of debt to MSD call for the complete wiping, or writing off, of that debt. Sylvie speaks of how writing off debt would improve emotional and psychological wellbeing and reduce shame, also referring to how shame can be passed down generations. Sylvie speaks, too, of how the shame of debt impedes social connection and contributes to a sense of powerlessness. By implication, wiping debt might improve capacity for social connection and people's sense of power and agency. Empowerment of this kind can help to enable people to live better lives and contribute to their communities. Olivia's account of her debt, after being cleared in court, talks of how wiping debt owed to MSD would clear her head and "lift things off [her] shoulders", while removing stigma. Like Sylvie, Olivia notes that shame and stigma harms self-confidence and self-esteem. For Olivia, the wiping of debt would lead to "less self-doubt about people judging me". Anne observes that writing off debt would be a fair outcome, especially given that in some instances (such as her own) the accumulation of debt can be traced to MSD's own actions, leading to over-payment. Many of the stories note the interlocking problems of debt owed to MSD and other debt owed to private lenders, and it is therefore plausible that the wiping of debt would reduce the build-up of other debt by removing the need for further borrowing.

There is currently work underway on debt to government. A proactively-released paper for the Cabinet Social Wellbeing Committee says: "The debt to government work is an important part of addressing child poverty by reducing household costs and improving child wellbeing."<sup>ix</sup> The same paper acknowledges that debt to government can become problem debt, including for "some of the 566,600 low income individuals who owe \$3.5 billion of debt to government to the Ministry of Social Development (MSD), Inland Revenue (IR) and the Ministry of Justice (MoJ)".<sup>x</sup> The paper observes that a bulk of those owing debt to government have children: 402,000 people in households with

children owe over \$2.5 billion in debt to IR, MoJ and/or MSD.<sup>xi</sup> The rules in operation have created a situation where Māori comprise 55% of people with debt to MSD, MoJ, and IRD – far higher, clearly, than the Māori proportion of the general population.<sup>xii</sup> The paper also notes that people with problem debt (a term defined in the paper as debt for which servicing becomes a heavy burden or unaffordable) are more likely to experience income inadequacy and poor health, and to engage in risky behaviour or violence, which can come at a cost to government through spending on health, welfare, and justice.<sup>xiii</sup> The report shows that debt write-off is one response being considered, since it mentions that the second phase of the debt to government work (taking three to five years) will “focus on seeking alignment (where appropriate) of approaches to interest, penalty rates, and write-off ...”<sup>xiv</sup> An appendix claims that there is a very limited legal authority for MSD to write-off debt currently (whereas there is greater scope for IRD and the Ministry of Justice to write off debt).<sup>xv</sup>

A separate appendix contains some key points. It calculates that:

- A total of \$1.65 billion in debt has been shunted onto individuals by MSD, with the main causes being overpayments (over \$1 billion) and recoverable assistance (around \$600 million).
- A total of 461,000 individuals – around 9% of New Zealanders, or almost 1 in 10 New Zealanders<sup>xvi</sup> – now have debt to MSD, with an average of \$3,550 debt per debtor.
- 56% of people with debt to MSD are women and 38% of debtors are under 35.<sup>xvii</sup>

The Child Poverty Action Group has suggested that by 2021 the average (mean) debt to MSD was over \$4,000, up from around \$2,000 in 2008.<sup>xviii</sup> The Child Poverty Action Group has also noted that, as of 2021, 66% of people on a main benefit owed debt to MSD (compared with 50% of people on a main benefit in 2008).<sup>xix</sup> Overpayments are linked to changes in circumstances (employment, income, and relationships). This would suggest that writing off MSD debt could be covered by an allocation of \$1.65 billion, around 1.17% of the Government’s total 2022 revenue.<sup>xx</sup> However, the \$1.65 billion is derived from 2020 data; more recent figures suggest the amount owed to MSD is as high as \$2.1 billion as of mid-2022.<sup>xxi</sup>

Other analysis for the government by the Social Wellbeing Agency shows that 68% of people with debt to MSD had at least one debt that had lasted more than three years – in other words, debt to MSD has long-term effects.<sup>xxii</sup> The same analysis showed that, unsurprisingly, those with overpayment debt to MSD tend to face financial hardship.<sup>xxiii</sup> Over 100,000 people (of those owing debt to MSD) owed debt that amounted to between 5 and 20% of their annual income.<sup>xxiv</sup> Some 306,700 New Zealand residents were said to owe \$0.61 billion of recoverable assistance debt – debt owed because of assistance provided by MSD as a loan.<sup>xxv</sup> This would appear easy to write off.

Further work done by the Social Wellbeing Agency hints at the unfairness of debt arising from overpayments:<sup>xxvi</sup>

People have obligations to notify the government of changes in their circumstances so that payment amounts can be adjusted. This helps ensure they receive their full and correct entitlements. Financial mentors and advisors noted that meeting this obligation can be difficult for people whose circumstances change rapidly. There are also concerns that people are confused about who to notify, and that even when government agencies are notified on time, processing to update records may be slow due to high volumes of clients and system constraints.

The Fairer Future coalition sees an urgent need for debt to MSD to be wiped. People receiving income support often face volatile lives – and overpayment clawbacks punish those same people either for not notifying MSD of changes quickly enough or for the agency’s own administrative mistakes. Overpayment debt makes it more difficult for people to establish or maintain stability in their lives and to move forward.

The stories recounted earlier in this report show that there is a good argument in many cases that MSD bears some responsibility for overpayment debt being incurred. One option would be to wipe debt only where MSD has contributed in a meaningful way to the creation of debt. But apportioning responsibility is a complex exercise. It would be administratively simpler, and beneficial for all involved, for the government to wipe all debt owed to MSD, acknowledging the hardship faced and enabling a fresh start for those dealing with overpayments or attempting to repay recoverable financial support. Forgoing the \$1.65 billion in potential revenue may sound significant, but not all of that money would have been repaid – and in the overall scheme of government finances, it is not an unreasonably high sum (as noted, it represents 1.17% of the Government’s total revenue), especially when it is acknowledged that wiping debt may reduce costs for government in health, social services, and justice sectors. The Child Poverty Action Group has noted that superannuitants’ overpayments are more generously written off, and has also recommended that MSD cease collecting debts from those people receiving income support.<sup>xxvii</sup>

Under section 448 of the Social Security Act 2018, regulations can be made (on the recommendation of the Minister) to suspend or remit the recovery of amounts owing to the Crown. There is, in other words, existing law that allows the Minister to suspend or cancel debt collection. The current law, however, under section 448(3), only allows regulations of this kind to be passed if the Minister is satisfied that doing so will prevent accumulation of debt and assist in the reduction of debt, or assist employment, or provide a positive incentive for beneficiaries to enter into employment. Some amendment to this provision (which is written in arcane language, referring to enabling a beneficiary “to move from dependence on a benefit to self-support”) could also be considered.

The \$1.65 billion, or more, owed to MSD is a weight holding down many of our lowest income, most at-risk people. Wiping debt to MSD (much of which may not be capable of being repaid anyway) is an investment in the wellbeing of the children, adults, and families affected by this debt.

*Expand universal services that care for the wellbeing of everyone and provide a strong foundation for life – like public dental care*

Alongside calls to wipe debt to MSD, another call made through these stories is for core services to be free and accessible. The logic of this is simple: having to pay significant sums for core services limits how much disposable income people have, making it more likely that people will fall into debt. Making core services free – delivering ‘universal services’ – would give people more disposable income to meet basic needs, alleviating the need for debt. Alex writes of the cost of getting new glasses, going to the dentist, and getting counselling. Alex notes further that the “cost of the GP and the dentist doesn’t have to be what it is”. Nancy makes a similar point, talking about the positive consequences that would flow “if those in power covered everyone’s basics”. Nancy refers to free dental and free school uniforms – both examples where costs have crept into supposedly public healthcare and education systems. She underscores that making these services more accessible would enable people to do the things we really want to do. Sylvie’s story, which highlights the challenges of juggling care for her son, vehicle repairs and dealing with debt (alongside other pressures), points out that the public healthcare system does not always meet urgent needs, such as the sleep apnea machine he desperately needed.

The elimination of the cost barrier to accessing health care for people and families would have obvious benefits for their health, wellbeing, resilience and social participation, and benefits that are felt across New Zealand society. As with the wiping of debt to MSD, the removal of GP fees and prescription charges, and bringing dental care into the public healthcare system, would be beneficial investments for the Government to make.

The cost of fully bringing dental care into the public healthcare system (beyond the free dental care currently provided to those under 18), or removing GP fees, is not outlandish – as recent work has demonstrated. Max Rashbrooke’s report for the Association of Salaried Medical Specialists, *Lightening the Load*, makes the case for removing the primary healthcare charges that form a barrier between people and the treatment they need. Rashbrooke estimates the cost of removing GP fees at around \$1 billion (under 1% of the Government’s total revenue).<sup>xxviii</sup> Rashbrooke – and analysis by Thomas Coughlan and the public sector – suggests bringing dental into the public healthcare system would be somewhere between \$600m and \$1.5 billion (between 1 and 3% of the Government’s Covid-19 recovery fund).<sup>xxix</sup> Rashbrooke suggests that \$3 billion could be set aside to ensure public healthcare was fully free in

New Zealand (a more expansive spend that would cover, for example, the removal of prescription charges as well).<sup>xxx</sup> He notes that health spending has a high fiscal multiplier – in other words, spending generates other returns in the economy – and concludes: “Making healthcare free at the point of use would ... not be just – or not even principally – a cost; rather, it would be an investment in our collective wellbeing.”<sup>xxx</sup> Signs of growing support for widening the state’s provision of free healthcare can be seen in the media attention that another ASMS report has received recently, *Tooth be Told: The Case for Universal Dental Care in New Zealand*.<sup>xxxii</sup>

*Provide better income support that works for disabled whānau*

A theme that emerges from the stories is that debt arises as people attempt to meet the needs of disabled loved ones. It is clear, from what the authors write, that our income support system is failing disabled people and needs to provide better support. This echoes the work of other writers who have collaborated with the Fairer Future coalition, including Joe Boon and Indie (the latter an alias).<sup>xxxiii</sup> Alex faces not just her own health challenges relating to IBS and mitral valve disease (as well as challenges arising out of her husband’s bipolar condition) but a daughter with a number of physical and mental health difficulties. Alex says: “You shouldn’t have to prove and prove again that your child has a disability.” Sylvie writes eloquently of how governments “need to look at disability a bit differently”, how she – and others – face a “lifetime of care” to support disabled children and how existing support is inadequate. One of Sylvia’s driving goals is “creating a life for [my son] where he can have some joy”, but the income support system makes that difficult. The cost of service dogs adds to financial strain and so much of Sylvie’s time is spent caring for her autistic son “and being his advocate”.

A top priority for the new Whaikaha/Ministry of Disabled People must be improving the way disabled people are treated in the income support system. These stories suggest that the Ministry of Social Development and Work & Income need to recognise that some disabilities are long-term or permanent, and that when disabilities are long-term, regular scrutiny or monitoring of such disabilities can be inappropriate and dehumanising. One change that the Fairer Future coalition has called for in the past is an increase to the Disability Allowance and the Child Disability Allowance, including a simplification of the application process.<sup>xxxiv</sup> We repeat that call here.

*Make processes at Work & Income and the Ministry of Social Development more compassionate, caring, and wellbeing-focussed*

Most of the stories detail stressful encounters with Work & Income or the Ministry of Social Development, and propose changes to those agencies’ processes. Alex recounts the disruption caused by changing staff at Work & Income, and criticises the constant questioning by the organisation. Alex proposes a special department at Work

& Income for complex cases, going beyond what is provided by existing integrated case managers. Alex's is not the only story focusing on the need for greater continuity in Work & Income case management. Sylvie, who had herself worked at Work & Income for three years, writes that her experiences with the agency means she "never go[es] in alone" and still feels "treated like I'm asking for things that I'm not entitled to". "It makes even the nicest people into jerks," Sylvie writes, and she recommends that people dealing with Work & Income should "have the same case manager, who knows your story, knows your goal, knows what you realistically can do." Olivia notes concern about another aspect of Work & Income and MSD practices: their information-gathering as part of their investigations. She suggests these have gone "too far" and are "an invasion of privacy" that often involve an assumption of guilt from the outset. She states that investigators should have "better people skills" and that "MSD needs to find some compassion", to recognise: "We're still human."

Anne's story recounts a "rigid rule" in call centre conversations where certain information cannot be changed via phone conversations, a rule that contributed to her overpayment and ultimate debt. Sometimes records are not updated or payments adjusted *even when* people make their best effort to notify Work & Income of a change in circumstances. Anne's story, and others, show that people on income support often end up paying the price for Work & Income and MSD's own delays or errors. Anne also observes that the complaints process focuses on Work & Income decisions only, and doesn't allow for complaints about process or mistreatment. Anne proposes that call centre staff need to be better trained and better equipped to respond to changes of circumstances. Apanui echoes the need for greater humanity in the system, referring to how, "when we were desperate for help to alleviate our hardship, I felt like we were treated as if we were a number."

Several authors refer to the value of welfare advocates, raising the question of whether more support could be given to welfare advocates – though a well-functioning income support system should not require an advocate for anyone navigating it. A number of the stories also illustrate the huge level of self-advocacy that is required just to try and negotiate and navigate the system, often with significant impacts on health and wellbeing.

The Welfare Expert Advisory Group highlighted that the culture of MSD was an area where some change was underway, but where significant further work is needed – work that will take time, commitment, resources, and different design.<sup>xxxv</sup> Changes to the principles and purposes of the Social Security Act – which themselves may be suboptimal or inadequate – are not sufficient on their own; ensuring different processes and culture requires shifts in leadership, training, employment practices, and policies.

### *End sanctions that punish people instead of supporting them*

Several of the stories in this report discuss how sanctions imposed by the system of income support are demeaning and ineffective, and should be abolished. Igor, who writes about his experience with MSD after a near fatal car crash, says that MSD is “wasting time and money” calling him and sending him letters asking him to prove that he is “work-ready”, even though doctors have confirmed he is unable to work. Igor notes that money could be saved by abolishing sanctions – money that could be used to fund the wiping of debt owed to MSD. Nancy is even more direct. “We need to get rid of sanctions in the welfare system,” she writes, “as I’ve been affected by so many of them and they don’t work.” Nancy says, “They just make things a lot harder for people and especially mothers.”

The points made in these stories are echoed in other expert work, for example the materials produced for the Welfare Expert Advisory Group – which pointed to relatively limited empirical evidence (especially from New Zealand) about the effectiveness of work-related sanctions.<sup>xxxvi</sup> The Fairer Future coalition is also calling for an end to all sanctions.

### *Lift income support to ensure everyone has a liveable income*

It is either implicit or explicit in all of the accounts of debt in this report that levels of income support are not enough to live on – and that increases in income support would also alleviate the need for debt. In Igor’s account it is noted that “the money he receives is barely enough”. Anne says that “income support levels are too low to pay rent and food when you are not entitled to the Accommodation Supplement”, and states that this is “another reminder that income support needs to be increased”. Sylvie adds that “a basic living wage”, along with higher levels of income support identified by other writers, would help us move towards a society that is not so indebted. It is also striking that many of the stories involve single parents, in particular single mothers, receiving insufficient financial support following a relationship breakup, where children with complex needs require care. Evidence shows that approximately 30% of New Zealand’s disabled children live in single-parent families.<sup>xxxvii</sup> This reinforces the need, in particular, for Sole Parent Support to be increased.

Calls for income support levels to be lifted have been consistent and sustained, even after the Government’s increases to benefit levels at Budget 2021. Groups like Auckland Action Against Poverty are making these calls, as is the Fairer Future coalition, with Fairer Future producing detailed figures in 2022 showing what a liveable income might be, in light of cost of living developments.<sup>xxxviii</sup> Concerns about the position of sole parents in New Zealand, and the inadequacy of material support for sole parents, are being raised by numerous academics and campaigners – including

Bryan Perry in his 2022 child poverty analysis for the Ministry of Social Development.<sup>xxxix</sup>

### *Change rules around supplementary assistance*

Finally, it is clear that many of the forms of supplementary assistance – aside from core benefits – have caused hardship to the individuals in these stories. Changes to aspects of supplementary assistance would plainly improve the position of people trying to access the financial support they need to lead a decent life. Anne talks of the low cash assets limit for Accommodation Supplement, which meant she could not access the Accommodation Supplement, putting her into a more precarious position. Anne questions the inconsistency between the cash asset limit for public housing and the cash asset limit for the Accommodation Supplement. Nancy mentions emergency grants and the need for essential grants to be “non-recoverable”: in other words, such grants should not have to be repaid. It stands to reason that this change would reduce reliance on borrowing and debt.

While some reforms to Accommodation Supplement are underway, more needs to be done and with greater urgency. The Fairer Future coalition has called for increases to the Accommodation Supplement, widening access to the Accommodation Supplement (including by raising the cash assets limit), robust regulation of rents, better indexation of Working for Families Payments, the removal of discrimination within the In-Work Tax Credit (which is resulting in children whose parents are not in paid work missing out on at least \$72.50 compared to what children with parents in paid employment receive), increasing the abatement rate, and improved access to and levels of urgent grants.<sup>xi</sup>

There are other changes that are urgently needed in our system of income support. Apanui’s story touches on the need for the system to be overhauled in line with Te Tiriti o Waitangi, a call that has been made at least since 1988, with the publication of *Pu-ao-te-Ata-tu*.<sup>xli</sup> As Apanui says, “Māori ... need to have the right to self-determination and to administer our own affairs under Te Tiriti. Racism today is sometimes hidden or subtle, but it still needs to be confronted.” Apanui also speaks of the need to change unfair relationship rules within the system of income support.

Other stories could have highlighted other necessary changes. The above recommendations therefore should not be taken as the only changes that Fairer Future is asking for, or the only changes that are required to build a more just welfare system.





## Conclusion

No one now contests that we are in a cost of living crisis in Aotearoa New Zealand – made worse, for many, by the impacts of the recent severe weather events in Auckland and the North Island. The ongoing COVID-19 pandemic has also disrupted our routines and social lives, often cutting us off from our usual supports. As more and more people face these struggles, whānau are put under strain and people are pushed to the limit as they simply try to get by for themselves and their loved ones.

Against this backdrop, it would be easy to become defeatist. But there are several steps that the Government can take to improve people's lives in a meaningful way. We must raise our voices and apply pressure on our government to act, drawing on the experiences people have been through in recent times. Of course, those experiences are varied; this report has only drawn on seven accounts of life in a time of debt. The lessons are clear, though, and they align with other expert reports and evidence gathered by government and other organisations.

Cancelling debt owed to MSD would wipe the slate clean for people who need breathing space and a fresh start. People, like the authors of the stories in this report, doing their best to raise disabled children with demanding health needs. People who are trying to provide for their families while looking after their own physical and mental health challenges. People who have had to deal with sudden, unexpected relationship breakdowns, and other life shocks and changing circumstances – including housing changes, bereavements, businesses going under. Sometimes MSD itself bears some responsibility for the overpayments that make up the majority of debt owed to the department. Writing off the debt would enable people to effectively receive more in income support, have more disposable income, and feel less stigma and shame.

Other countries have moved to act on debt to government. President Joe Biden's cancellation of \$10,000 in student debt for borrowers earning under \$125,000<sup>xliii</sup> – while criticised for not going far enough<sup>xliii</sup> – demonstrates recognition that cancelling debt is a defensible and important step during a period of high inflation worldwide. As well as alleviating stress, wiping debt could prompt a shift in culture and practice at MSD and Work & Income in New Zealand, and should be accompanied by an overhaul of how 'overpayments' are approached in future.

The stories set out in this report describe other important steps, alongside wiping debt owed to MSD:

- Better training and processes at Work & Income;
- Extending public services; for example, bringing dental into the public health system;
- Improving disability policy;

- Ending sanctions;
- Lifting income support, wages, and supplementary assistance.

No New Zealand political party is currently committed to all of these steps at the level of detail set out in this report. To get these policies enacted, as we approach another election, Fairer Future will be mobilising the groups and individuals who support these changes. We will be forthright in relaying the struggles that people are going through, continuing to share the realities of lived experience of a welfare system that is insufficient to meet needs. And we will be uncompromising in pressing for the necessary changes that – in Anne’s words – will make people’s lives “just that little bit easier, and just that little bit better.”



## Endnotes

- <sup>i</sup> Cabinet Social Wellbeing Committee, 'Reducing the Impact of Debt to Government for People in Hardship', 12 November 2021 (proactively released by DPMC), at Appendix 2.
- <sup>ii</sup> Ibid.
- <sup>iii</sup> See <https://our.actionstation.org.nz/petitions/income-support-must-go-up-before-christmas>.
- <sup>iv</sup> <https://www.weag.govt.nz/weag-report/whakamana-tangata/>.
- <sup>v</sup> See, for example, <https://thespinoff.co.nz/society/13-05-2021/they-said-the-changes-would-help-the-most-vulnerable-heres-what-happened-to-me/>; <https://e-tangata.co.nz/reflections/things-have-to-change/>; and <https://www.stuff.co.nz/manawatu-standard/opinion/300288657/how-the-welfare-system-forced-me-out-of-work-and-fuelled-my-shame>.
- <sup>vi</sup> See, for example, <https://www.newshub.co.nz/home/politics/2021/05/budget-2021-are-the-benefit-increases-really-enough-to-keep-up.html>.
- <sup>vii</sup> See <https://fairerfuture.org.nz/liveable-incomes-2022>.
- <sup>viii</sup> See <https://fairerfuture.org.nz/seven-steps-for-a-fairer-future>.
- <sup>ix</sup> Cabinet Social Wellbeing Committee, 'Reducing the Impact of Debt to Government for People in Hardship', 12 November 2021 (proactively released by DPMC), at [2].
- <sup>x</sup> Ibid at [5].
- <sup>xi</sup> Ibid at [14].
- <sup>xii</sup> Ibid at [69].
- <sup>xiii</sup> Ibid at [15].
- <sup>xiv</sup> Ibid at [27.2].
- <sup>xv</sup> See Appendix 1.
- <sup>xvi</sup> See Appendix 2. This assumes a population of 5,117,400 (Stats NZ's latest figures: <https://www.stats.govt.nz/topics/population>).
- <sup>xvii</sup> See Appendix 2.
- <sup>xviii</sup> See <https://www.cpag.org.nz/statistics/debt-to-msd>.
- <sup>xix</sup> Ibid.
- <sup>xx</sup> See <https://www.treasury.govt.nz/system/files/2022-10/fsgnz-2022.pdf> at 4. This is the latest government financial statement for a full year and shows that total revenue for government was \$141.6 billion (\$107.9 billion of which was tax revenue). \$1.65 billion is 1.165% of \$141.6 billion, rounded up to 1.17%.
- <sup>xxi</sup> See <https://www.1news.co.nz/2022/06/10/beneficiaries-owe-record-21b-to-govt-as-cost-of-living-soars/>.
- <sup>xxii</sup> Social Wellbeing Agency / Toi Hau Tāngata, 'Patterns across debt and debtors to government: connections between debt to IR, MSD, and MoJ', at 5; available online at <https://swa.govt.nz/assets/Publications/reports/Patterns-across-debt-and-debtors-to-government-phase-2-report.pdf>.
- <sup>xxiii</sup> Ibid, at 11.
- <sup>xxiv</sup> Ibid.
- <sup>xxv</sup> Ibid, at 12.
- <sup>xxvi</sup> Social Wellbeing Agency / Toi Hau Tāngata, 'Understanding debt and debtors to government: Focus on MSD and IR debt', Working Paper, February 2022, at 9.
- <sup>xxvii</sup> See <https://www.cpag.org.nz/statistics/debt-to-msd>.
- <sup>xxviii</sup> See Max Rashbrooke, *Lightening the Load: The Case for a Fully Free Public Healthcare System*, at 9, available online at <https://static1.squarespace.com/static/5fbf02c9be9b693951ffc66/t/638d61e18c6b9e1cd804a28b/1670210029403/Lightening+the+Load+-+Final.pdf>.
- <sup>xxix</sup> See ibid at 8-9; see also Zac Fleming, 'The estimated cost of extending free dental care to adults revealed', *Newshub*, 30 September 2020, available online at <https://www.newshub.co.nz/home/new-zealand/2020/09/the-estimated-cost-of-extending-free-dental-care-to-adults-revealed.html> (last accessed 17 January 2023); and Thomas Coughlan, 'The state can afford free dental care, so let's get it done', *Stuff*, 28 October 2020, available online at <https://www.stuff.co.nz/national/politics/300142781/the-state-can-afford-free-dental-care-so-lets-get-it-done> (last accessed 17 January 2023).
- <sup>xxx</sup> Ibid, at 9–10.
- <sup>xxxi</sup> Ibid, at 14.
- <sup>xxxii</sup> See [https://issuu.com/associationofsalariedmedicalspecialists/docs/asms220501-tooth\\_be\\_told](https://issuu.com/associationofsalariedmedicalspecialists/docs/asms220501-tooth_be_told).

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- <sup>xxxiii</sup> See <https://www.stuff.co.nz/manawatu-standard/opinion/300288657/how-the-welfare-system-forced-me-out-of-work-and-fuelled-my-shame> and <https://thespinoff.co.nz/society/13-04-2022/we-need-a-welfare-system-that-works-better-for-people-with-disabilities>.
- <sup>xxxiv</sup> See 'Seven Steps for a Fairer Future', available online at <https://fairerfuture.org.nz/seven-steps-for-a-fairer-future> (last accessed 19 January 2023).
- <sup>xxxv</sup> See <https://www.weag.govt.nz/assets/documents/WEAG-report/aed960c3ce/WEAG-Report.pdf> at 89.
- <sup>xxxvi</sup> See, for example, <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/information-releases/weag-report-release/obligations-and-sanctions-rapid-evidence-review-paper-2-work-related-sanctions.pdf> (last accessed 19 January 2023).
- <sup>xxxvii</sup> See C Neuwelt-Kearns, I Asher, and A Johnson, 'Children can't live on promises: A 2021 stocktake of implementation of the Welfare Expert Advisory Group's 2019 recommendations', Child Poverty Action Group, 2021, available online at <https://static1.squarespace.com/static/60189fe639b6d67b861cf5c4/t/62cfc5a02cf37e5f1e5e19fa/1657783722166/WEAG-stocktake-Children-cant-live-on-promises-CPAG-Dec21.pdf> (last accessed 7 February 2023).
- <sup>xxxviii</sup> See <https://fairerfuture.org.nz/liveable-incomes-2022> (last accessed 19 January 2023).
- <sup>xxxix</sup> See <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/child-poverty-in-nz/2022-child-poverty-report.pdf> at 8 (last accessed 19 January 2023).
- <sup>xl</sup> See <https://fairerfuture.org.nz/seven-steps-for-a-fairer-future> (last accessed 19 January 2023) at 8.
- <sup>xli</sup> See <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/archive/1988-puaoteatatu.pdf>.
- <sup>xlii</sup> See <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>. Note that the policy is being challenged in the Supreme Court and so has not yet taken effect: <https://www.pbs.org/newshour/politics/supreme-court-to-keep-bidens-student-loan-cancellation-blocked-for-now>.
- <sup>xliii</sup> See, for example, <https://www.businessinsider.com/why-student-loan-debt-cancellation-doesnt-go-far--bowman-2022-12>.



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