



23 August 2022



Dear 

Thank you for your request made under the Official Information Act 1982 (OIA), received on 26 July 2022. You requested the following:

- 1. In what countries have we retained third party collection providers to locate customers and facilitate repayments?*
- 2. Can you tell me who those third parties are, and the terms of their engagement? How do we pay them? How much do we pay them?*
- 3. Have they been successful? How many people have they tracked down and contacted in each of the countries they are active in? How many people have they assisted to get back on track?*
- 4. What options are there for "more robust collection activities" for overseas borrowers? I wonder what that means?*
- 5. What are those activities, and what does a more diverse range of overseas customer groups mean?*
- 6. What customer groups have been identified? Could you share that information with me? I suspect diverse means by country, but I may be wrong.*
- 7. What is the policy for cancelling some or all of the late payment interest? I'd like to see the policy wording, please: When do people qualify for this? Do they have to commit to a deal ?, etc*
- 8. How often has penalty interest been cancelled? I do not know what is the best timeframe to ask for. It's been a funny few years. Perhaps the last three. Please split by total, or just partial cancellation.*

Questions 1-3

Collecting student loan repayments from borrowers overseas, and maintaining contact with those borrowers, is challenging. Under the terms of the loan documents borrowers sign, the borrower is obliged to keep their contact information up to date with Inland Revenue (IR).

Where borrowers do not keep their records up to date, or do not engage with IR to address their debt, IR will use third party providers to locate and seek payment from borrowers overseas.

IR recently issued a Request for Proposal (RFP) for offshore debt collection services. As commercial negotiations are underway, IR is unable to provide information about these suppliers.

However, historically when we have had reason to believe that a borrower is in Australia or the United Kingdom, we have engaged the services of Baycorp and Receivables Management Limited. These agencies facilitate collection action on IR's behalf in the country the borrower resides as appropriate.

I must refuse your request for information relating to how much IR pays its providers, under section 9(2)(b)(ii) of the OIA, as withholding this information is necessary to protect the commercial position of the person who supplied the information or who is the subject of the information. No public interest in releasing the withheld information has been identified that would be sufficient to outweigh the reasons for withholding.

Through the COVID-19 pandemic, IR prioritised the COVID-19 support packages and supporting customers. During this time, we paused some non-urgent work, and requested our overseas collections providers to halt debt collection over this time.

We are aware customers contact IR and mention this follows their interactions with a third-party collection provider in order to discuss their financial situation and request capitalisation of their debt. However, IR is not able to report on the number of customers located directly following engaging third party collection agents. Your request for the number of people tracked down and contacted in the countries that IR has engaged third party collection providers is refused under section 18(g) of the OIA, as the information is not held by the department in a form that it can be reported on.

Since 1 April 2020, of the 4,131 customers referred to third-party collection providers, 263 (6.37%) made at least one payment to their student loan debt. As mentioned above, this covers the time period where collection activity was paused and a time where customers may be facing hardship during the pandemic.

As mentioned above, we have released an RFP for offshore debt collection services to be undertaken on IR's behalf and we anticipate an improvement of data insights.

Questions 4-6

As mentioned in my previous letter dated 21 July 2022, I will not release specific details of how IR intends to target customers in debt.

IR's recent business transformation has seen significant changes to the way information is received and processed. IR can now analyse information we receive at scale, allowing us to make smarter decisions and take a more targeted approach to compliance activities. This doesn't necessarily relate directly to the country the borrower is in, rather that it provides IR greater ability to target student loan compliance activities to customers in similar circumstances. For example, IR may take a different approach to customers who have recently travelled to those who have been outside New Zealand for several years.

Alongside working with customers to find a suitable repayment plan, IR may commence legal proceedings to facilitate the recovery of the outstanding funds, which may include working with third-party suppliers to enforce these obligations overseas.

Question 7

Your request for IR's policies on providing relief for student loan debt is refused under section 18(d) of the OIA as this information is publicly available. IR has Standard Practice Statements (SPS) which are published on IR's Tax Technical website. The SPS for Student loan repayments sets out the options for relief and can be accessed [here](#).

Question 8

The number of instances where penalty interest has been cancelled is shown in the table below. Please note that some customers may have had multiple periods written off.

Financial year	Number of instances where penalty interest cancelled
2020	920
2021	4,111
2022	3,485

Right of review

If you disagree with my decisions on your OIA request, you can ask an Inland Revenue review officer to review my decisions. To ask for an internal review, please email the Commissioner of Inland Revenue at: CommissionersCorrespondence@ird.govt.nz.

Alternatively, under section 28(3) of the OIA, you have the right to ask the Ombudsman to investigate and review my decision. You can contact the office of the Ombudsman by email at: info@ombudsman.parliament.nz.

If you choose to have an internal review, you can still ask the Ombudsman for a review.

Publishing of OIA response

Please note that Inland Revenue regularly publishes responses to requests that may be of interest to the wider public on its website. We consider this response is of public interest so will publish this response in due course. Your personal details or any information that would identify you will be removed prior to it being published.

Thank you for your request. I trust that the information provided is of assistance to you.

Yours sincerely



Rebecca McStay

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