



8 July 2025

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Dear [REDACTED]

Thank you for your request made under the Official Information Act 1982 (OIA), received on 9 June 2025. You requested the following documents:

- *Inland Revenue Status Report 25SR10: 25SR10 Weekly Status Report*
- *Inland Revenue Report IR2025/152: Budget 2025 Regulatory Impact Statements for the Revenue Portfolio*
- *Inland Revenue Briefing Note BN2025/153: Information ahead of Joint Ministers' Meeting on 7 March*
- *Inland Revenue Report IR2025/008: Debt to government framework - response to FinCap report*
- *Inland Revenue Briefing Note BN2025/184: FamilyBoost numbers*
- *Inland Revenue Briefing Note BN2025/182: Information ahead of Joint Ministers' Meeting on 24 April*
- *Inland Revenue Report IR2025/086: Budget 2025 - Estimates and Supplementary Estimates for Vote Revenue*
- *Inland Revenue Report IR2025/089: Tax monitoring report: Collections to March 2025*
- *Inland Revenue Briefing Note BN2025/170: Information release for review – ECO-25-SUB-0045: Discussion document – GST and joint ventures*

On 13 June 2025, we transferred part of your request for the document *NZDM Monthly Snapshot - March 2025* to the Treasury.

Information being released

The information you have requested is enclosed. Some information has been withheld under the following sections of the OIA:

- 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government,
- 9(2)(a) - to protect the privacy of natural persons,
- 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the advice tendered by Ministers of the Crown and officials,
- 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of

an organisation or officers and employees of any public service agency or organisation in the course of their duty, and

- 9(2)(j) – to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Please find enclosed the following documents:

Item	Date	Document Title	Decision
1.	03/04/2025	25SR10 Weekly Status Report	Released with redactions under sections 9(2)(a), 9(2)(g)(i) and 9(2)(f)(iv)
2.	04/04/2025	Information ahead of Joint Ministers' Meeting on 7 March	Released with redactions under sections 6(a), 9(2)(a), 9(2)(j) and 9(2)(f)(iv)
3.	07/04/2025	Debt to government framework - response to FinCap report	Released with redactions under section 9(2)(a)
4.	22/04/2025	FamilyBoost numbers	Released with redactions under sections 9(2)(a) and 9(2)(f)(iv)
5.	23/04/2025	Information ahead of Joint Ministers' Meeting on 24 April	Released with redactions under sections 9(2)(a) and 9(2)(f)(iv)
6.	29/04/2025	Tax monitoring report: Collections to March 2025	Released with redactions under section 9(2)(a)
7.	29/04/2025	Information release for review – ECO-25-SUB-0045: Discussion document – GST and joint ventures	Released with redactions under section 9(2)(a)

On 9 June 2025, item 4 (FamilyBoost numbers) was released to you in an OIA response (25OIA2191). We are re-releasing this item to you, as the redactions have changed.

The attachments to item 7 (*Information release for review – ECO-25-SUB-0045: Discussion document – GST and joint ventures*) are withheld in full under section 9(2)(g)(i) of the OIA. The final version of the attachments can be found on Inland Revenue's Tax Policy website at taxpolicy.ird.govt.nz/publications/2025/ir-eco-25-sub-0045.

As required by section 9(1) of the OIA, I have considered whether the grounds for withholding the information requested is outweighed by the public interest. In this instance, I do not consider that to be the case.

Information being refused

Your request for the following documents is refused under section 18(d) of the OIA, as the information will soon be publicly available:

Item	Date	Document	Website address
1.	04/04/2025	Budget 2025 Regulatory Impact Statements for the Revenue Portfolio	taxpolicy.ird.govt.nz/publications
4.	24/04/2025	Budget 2025 - Estimates and Supplementary Estimates for Vote Revenue	taxpolicy.ird.govt.nz/publications

The attachments to Item 3 (Debt to government framework - response to FinCap report), as detailed in the table below, are refused under section 18(d) of the OIA, as the information is publicly available:

Appendix	Document	Website address
1.	Social Investment Agency A3 on Debt to government Summary of Findings	Debt-research-overview-A3-v3.pdf
2.	FinCap's submission during consultation on the draft framework	Information release - Submissions received on the Policy Framework for Debt to Government
3.	A framework for debt to government	policy-framework-for-debt-to-government.pdf
4.	IR's OIA response to FinCap's request (October 2024)	2024-10-08-debt-to-government-guidelines-financial-hardship-and-training-on-vulnerable-customers.pdf

Right of review

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

Thank you again for your request.

Yours sincerely



Maraina Hak
Policy Lead, Individuals



Inland Revenue
Te Tari Taake

25SR10 Status Report

Weekly update for the Minister of Revenue

Week ending: Friday 11 April 2025

Date issued: Thursday 3 April 2025

New topical issues

New items since the last Status Report (issued on 27 March 2025).

[illegible]

Operational	
FamilyBoost Update	Since the last update, for the period 27 March 2025 to 2 April 2025, we have: - received 1,561 registrations - created 1,505 FamilyBoost accounts Since registrations opened until 2 April 2025, inclusive, we have: - received FamilyBoost registrations from 70,862 households - created FamilyBoost accounts for 70,126 households 59 registrations still in progress and have declined 677 Since claims opened until 2 April 2025, inclusive, we have: received 125,858 claims relating to 62,960 households 62,017 relate to the quarter period ending 30 Sept 2024 52,578 relate to the quarterly period ending 31 Dec 2024 11,263 relate to the quarterly period ending 31 Mar 2025 paid \$32,227,797 towards 87,691 claims for 51,776 households \$17,079,503 relates to the quarterly period ending 30 Sep 2024 for 45,398 claims \$15,148,295 relates to the quarterly period ending 31 Dec 2024 for 42,293 claims 10,926 claims still in progress and have declined 21,773 The breakdown for the quarterly period ending 31 March 2025 will be available in next week's report. The disbursement process does not run until the third working day of the month immediately after the end of the quarter. This is to allow time for income information to be received and processed from Employers. Note: Data provided is always point in time as cases stage throughout the day. The individual Paid values are rounded and may result in some total Paid discrepancies.

Bills

Bill title
Digital Services Tax Bill
Approximate date of enactment
To be confirmed
Current status
The Digital Services Tax Bill was introduced into the House on 31 August 2023. It was reinstated under the current parliament and is awaiting its first reading. Cabinet decided to discharge the Bill on Monday 24 March 2025. Discharge will follow in due course.

Upcoming Cabinet papers

Minister(s)	Paper	Meeting	Expected meeting date
MoR, MoF, MSD	Working for Families draft discussion Document (Budget Sensitive)	SOU	07/05/2025

Cabinet papers – other portfolios

Papers Inland Revenue have been consulted on. New items have been shaded.

Agency	Ministry of Education
Committee	Cabinet Social Outcomes Committee (SOU) – 9 April 2025
Paper title	Supporting education and care services to provide early childhood education (Budget Sensitive)
Summary	This paper notes the Associate Minister of Education’s intention to improve the viability of early childhood education (ECE) providers through changes to the rules within the pay parity opt-in government funding scheme. No decisions are sought in this paper. The paper sets out concerns with how pay parity funding is set up and operating, including that it is not achieving pay parity in the ECE sector or meeting some provider costs. It informs Cabinet of a change that is intended to provide more flexibility in setting initial starting wages within those ECE services in the pay parity scheme. Restrictions will also be imposed to stop most services opting into higher government subsidy rates. The changes will be time-limited to two years, by which time a review of ECE funding will have been completed and implemented. Separate but related funding decisions are being considered in Budget 2025 and will be announced together.
Inland Revenue view	While no decisions are being sought from Cabinet, the Ministerial decision to allow for lower starting wages and the freeze on opting into higher subsidy rates could, in theory, reduce the average level of wage growth in the sector. This would lower the expected PAYE income tax from the sector and may increase spending on Working for Families tax credits. Relatedly, improved viability of ECE companies could improve tax returns from those businesses. The changes are expected to be very marginal in terms of overall tax revenue and tax credit funding in Vote Revenue (maximum education savings of the proposal could be \$22 million over two years, with the tax impact likely a fraction of this). We have raised these implications with the Ministry of Education and asked that they include a brief reference in the implications section of the paper. The change in this paper and the related Budget matter may also have an impact on the FamilyBoost spending in Vote Revenue if the combined impact results in fees increasing more than previously. How ECE fees will respond is unknown and we will continue to monitor FamilyBoost spending. When the paper is sent for Ministerial consultation it would be worth checking the tax implications section of the paper.

Upcoming reports

Policy

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/133	MoR, MoF, MSD: Agree	(Budget Sensitive) Cabinet paper - Working for Families draft discussion document	(Budget Sensitive) It will provide Ministers with the draft discussion document and Cabinet paper for their consideration and approval for lodgement.	SOU 07/05/2025	11/04/2025
s 9(2)(f)(iv)					

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
IR2025/147	MoR: Agree	RDTI Evaluation Final Report	Report summarises the key findings of the final report of the RDTI 5 year-evaluation. This briefing will note where work already underway addresses operational issues raised in the final report and that we will provide further advice responding to the report's findings on operational and policy issues. Further, it will recommend that the final report be table in Parliament.		18/04/2025
IR2025/088	MoR: Note, Refer to MoF	(Budget Sensitive) Final tax forecasts for the 2025 Budget Economic and Fiscal Update	(Budget Sensitive) Final tax forecasts for the 2025 Budget Economic and Fiscal Update.		18/04/2025
IR2025/141	MoR, MoF: Agree	(Budget Sensitive) Official's issues paper on thin capitalisation settings for infrastructure	(Budget Sensitive) The report seeks approval for the official's issues paper on thin capitalisation settings for infrastructure and the timeline for the project.		18/04/2025
IR2025/089	MoR: Note, refer to MoF	(Sensitive) Tax monitoring report: Collections to March 2025	(Sensitive) Tax outturn monitoring report for March 2025 with variances reported against HYEPU2024.		02/05/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Cabinet paper (include date & committee)	Due to Minister (Week ending)
s 9(2)(f)(iv)					

ED&I, Enterprise Services, CCS-I, CCS-B, & TCO

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (Yes or no, if yes when)	Due to Minister (Week ending)
IR2025/092	MoR and MoF to agree recommendations	(Budget Sensitive) Vote Revenue: 2025 Budget forecasts for non-departmental expenditure appropriations	(Budget Sensitive) This report seeks joint Minister approval for changes to appropriations made through the Budget Economic and Fiscal Update.	No	18/04/2025
IR2025/093	MSIT and MoF to agree to recommendations, MoR to note	(Budget Sensitive) Vote Revenue: 2025 Budget Economic and Fiscal Update submission for the Research and Development Tax Incentive appropriation	(Budget Sensitive) This report seeks joint Minister approval for changes to the R&D Tax Incentive appropriation made through the Budget Economic and Fiscal Update.	No	18/04/2025
IR2025/086	MoR to note attached Final Supplementary Estimates, and Estimates document and letter to MoF	(Budget Sensitive) Budget 2025 - Estimates and Supplementary Estimates for Vote Revenue	(Budget Sensitive) This report seeks your approval for the accuracy and suitability for publication of the Supplementary Estimates of Appropriations 2024/25 and Supporting Information and Estimates of Appropriations 2025/26 and Supporting Information documents.	Yes	25/04/2025

IR Reference	Referral to and/or action sought from Ministers	Title	Description	Legal requirement (Yes or no, if yes when)	Due to Minister (Week ending)
IR2025/159	MoR to note response to request for Family Boost regional data	Response to request for FamilyBoost regional data	This report responds your request for FamilyBoost regional data and outlines the model that IR used in the forecasting for the product.	No	18/04/2025 25/04/2025

Upcoming meetings/events

07 April	Joint Ministers' meeting
08 April	Minister of Revenue meeting
14 April	Joint Ministers' meeting (TBC)
14 April	Going for Growth Ministerial Group: Competitive Business Settings Group (TBC)
29 April	Meeting with NZ Super Fund (TBC – maybe not Revenue portfolio)
29 April	NZ Super Fund Special Investor Forum (TBC)
05 May	Going for Growth Ministerial Group – Innovation Technology and Science
06 May	Minister of Revenue meeting
13 May	Minister of Revenue meeting
19 May	Going for Growth Ministerial Group: Competitive Business Settings Group
20 May	Minister of Revenue meeting

IR publicity

Date	Topic	Channels
March – April 2025	Personal Income Tax campaign – employers From 1 April 2025 changes will come into effect for: - Employer Savings Contribution Tax (ESCT) Retirement Savings Contribution Tax (RSCT) - Fringe Benefit Tax (FBT) rates - Portfolio Investment Rate (PIR) These changes align with the personal income tax threshold changes from July 2024. This campaign will serve as a reminder to employers about those changes, and what they need to do (if anything).	Digital advertising, social media advertising, emails and letters (direct marketing).
March – June 2025	Brightline The purpose of this campaign is to remind customers of the changes to Brightline property rules that were made in 2024. Activity will run for four months and remind customers that for properties sold on or after 1 July 2024, the bright-line property rule applies if the property is sold within 2 years of purchasing it.	Digital advertising, social media advertising.
March – June 2025	Interest deductibility The purpose of this campaign is to remind customers of the current interest limitation rules for the 2024/25 filing year and bring awareness to the changes coming from 1 April 2025.	Digital advertising, social media advertising.

Date	Topic	Channels
March – June 2025	Sharing economy GST changes for online services From 10 March we are running a 4-month campaign to raise awareness about the rules affecting sellers of listed services (drivers, deliverers, and short-stay and visitor accommodation owners). These have been changes implemented over 2024 and upcoming changes from April 2025, and we are encouraging customers to check if and how the rules apply to them relating to flat rate credits, and how to complete their income tax return for the 2025 income tax year.	Campaign landing page, digital advertising, social media advertising, Business.govt.nz.
March – June 2025	Small business cashflow scheme From 17 March-30 June we're running a marketing campaign to raise awareness that many loans under the Small Business Cashflow Loan Scheme (SBC) will be reaching their Final Repayment Date. If not repaid, loans start automatically defaulting in START (20 working days after the loan approval date anniversary). From mid-April we will be sending letters through myIR to approximately 23K customers in this campaign who have their SBC account linked to a tax agent and notifying agents of their opportunities to assist their clients. All campaign activities encourage customers to visit ird.govt.nz/sbc-loan.	Campaign landing page, digital advertising, social media advertising, letters/e-notifications (DM), Media releases, Business.govt.nz.

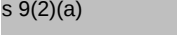
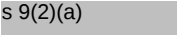
Date	Topic	Channels
Feb – July 2025	End of tax year The purpose of this campaign is to: - Educate: tax bills. Targeting customers with multiple income streams, including paid parental leave (PPL) and lump sum payments. - Engage: customers with tips to help with the end of tax year – logging into myIR and updating bank account and contact details. - Inform: Working for Families customers – when they can expect their IITA/WfFTC assessment square up and why there could be a delay between receiving each one. We want to inform customers and reduce 'low value' contacts.	Digital advertising, social media ads (paid/native), Paid Search, Front of house promotional slides, phone messaging, website home page tile, website campaign landing page and direct marketing – emails/letters.
May – June 2025	7 July income tax returns The 7 July marketing campaign runs each year with the purpose of encouraging customers to file on time (by 7 July) and online via myIR. With various changes introduced over the past few years, including new trust disclosure requirements and property interest limitation rules, our messaging this year will also continue to remind customers about their new filing requirements and how to file correctly.	Digital advertising, social media ads (paid/native), Paid Search, Front of house promotional slides, phone messaging, website home page tile, website campaign landing page and direct marketing – emails/letters.
April – May 2025	Child support debt The purpose of this campaign is to increase customer contacts/engagement and help towards child support debt reduction.	Direct marketing: emails, letters, SMS, and outbound calls. Followed by legal action process.
April – June 2025	Fringe Benefit Tax – common mistakes There are a number of common mistakes people make when it comes to Fringe Benefit Tax (FBT) and some widely held misconceptions. The main purpose of this campaign is to improve FBT compliance by highlighting things that people sometimes get wrong, so we can in turn support our customers to make sure they get it right.	Digital advertising and social media advertising.

Date	Topic	Channels
April – June 2025	2025 Toolbox – Construction – Round 3 The purpose of this campaign is to encourage tradies to address their overdue returns and outstanding debt and remind them about their general tax obligations, including: - Record keeping - Expenses - Income tax - GST - Employer obligations The campaign also encourages customers to register for seminars or business advisory visits if they need more support.	Digital advertising, social media advertising, out-of-home advertising, radio advertising, emails and letters (direct marketing), and SMS.
Ongoing	Scam awareness Updating customers on scams and taking care when online.	Social media only.
July 2024 – June 2025	Monthly campaign to GST customers Monthly reminders for GST customers to file and pay their GST on time. Encourages them to self-serve online.	Social media reminders.
June 2024 – June 2025	FamilyBoost campaign Campaign to educate families (parents and caregivers) about what FamilyBoost is, who might be eligible, how to register and claim.	Digital advertising, social media advertising, out-of-home advertising, radio advertising, emails and letters (direct marketing).
July 2024 – June 2025	Student loan campaign targeted to overseas based customers or those thinking of moving overseas. The purpose is to raise customers awareness of their repayment obligations and encourage them to log into myIR and make the required payment. Direct campaigns to Overseas Based Borrowers: - o September 24 – Repayment due date reminder - o October 24 – Missed payment follow up - o March 25 – Repayment due date reminder - o April 25 – Missed payment follow up	Targeted emails, letters, social media, and digital advertising.

Date	Topic	Channels
July 2025 – March 2026	Avoid tax bills Educate: tax bills. Targeting customers with multiple income streams, including paid parental leave (PPL) and lump sum payments.	Social and FOH.
August 2024 – June 2025	Donation Tax Credit Campaign This campaign aims to maintain customer awareness of digital filing for donation tax credits through myIR, throughout the year. Recent data tells us that paper filing rates are decreasing year-on-year. In previous years we saw no need for a targeted approach (no paid ads). However, based on a recent piece of work surrounding DTC, the Policy team presented some findings to gain a deeper understanding of this space. This was from the perspective of both donors and donees. As a result of these insights, we will apply a more targeted approach to: ○ Reach younger and middle-aged audiences (ages 18-40+) to spread awareness around DTC. ○ Reach older generations (ages 50+) to encourage them to use myIR. ○ Dispel the misconception that claiming is not difficult, but simple. ○ Keep encouraging people to claim throughout the year and beat the rush. ○ Highlight positive stories about claiming if there is an appetite for it.	Social media and FOH.
October 2024 – June 2025	Hidden Economy – Get It Right (GIR) campaign The purpose of the GIR campaign is to remind business owners within the GIR work programme of their tax and employee obligations; with a particular focus on book-keeping, filing and paying and employer obligations. Target audience: liquor and vape outlets, high risk retail/personal services e.g. beauty salons, hairdressers, barbers, personal health and fitness trainers.	Out of home – posters and retail network screens, digital advertising, social media, Google Search, and proactive media releases.

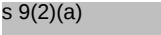
Official Information Act requests

MoR OIAs – for Minister to respond.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
MOIA 228-25 [25OIA1911]	Received	Extended to: 07/04/2025	  Labour Leader's Office	Copies of all communication, including text messages, emails, attachments, and all other forms of electronic communication, between the Minister or their office, and the Treasury or Inland Revenue regarding IR2024/294 and IR2024/362.
MOIA 267-25 [25OIA2052]	07/04/2025	15/04/2025	s 9(2)(a)  Newsroom	Copies of IR2024/498: Further advice on the unclaimed money regime, BN2024/477: New Zealand Superannuation Fund further information on impacts of exemption, BN2024/499: Tax and Social Policy Work Programme projects, and BN2025/017: US Presidential Memo concerning the Global Minimum Tax.
MOIA 282-25 [25OIA2103]	22/04/2025	30/04/2025	Member of the Public	Copies of any reports, briefings, letters. Aide memoire, cabinet papers, notes, advice and emails related to total spend within IR specific to Ngāti Rangi region
MOIA 283-25 [25OIA2104]	22/04/2025	02/05/2025	s 9(2)(a)  Newsroom	A list of all briefings, reports, aide memoirs and memos produced or received by the Minister of Revenue between 1 -31 March 2025

FOR MINISTERS' OFFICE USE

CIR OIAs – for Minister's office to note or consultation.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA2011	Received	08/04/2025	  Labour Leader's Office	Copies of BN2025/005, IR2025/019, BN2025/017, BN2025/026, BN2025/020, IR2025/010, BN2025/031 & 25SR01.
25OIA2036	08/04/2025	09/04/2025	s 9(2)(a)  Business Desk	Data on corporate tax rebates for both NZ and multinational companies and transfer pricing.
25OIA1960	Received	Extended to: 15/04/2025	s 9(2)(a)  NZ Taxpayers' Union	The number of independent contractors engaged by IR for more than 5 years by role, business area and length of contract, the expenditure on these contractors, policy on use of independent contractors vs employees for core/non-core functions, and rationale for retaining long-term contractors.
25OIA2047	11/04/2025	14/04/2025	Franks Ogilvie	All electronic messaging made, sent or received by any staff member of IR between 10 October 2024 and 1 January 2025 that refer to the Taxpayers' Union or discuss any concerted campaigns or misrepresentations as to the leaking of hashed data.

Ref no.	Date due to MoR office	Statutory deadline	Requester	Subject
25OIA2054	16/04/2025	17/04/2025	s 9(2)(a) NZ Taxpayers' Union	Total amount of loans issued to small businesses under the SBCS (loan), number of businesses that have repaid/defaulted on loan, outstanding debt, and communications or reports on the effectiveness of the scheme.
25OIA2064	17/04/2025	22/04/2025	s 9(2)(a) RNZ	Total number of FTEs broken down by ethnicity and job title, the total number of redundancies by ethnicity, and number of disestablished, or unfilled roles by job title, as at September 30, 2023 and as at 21 March 2025.
25OIA2095	23/04/2025	30/04/2025	Member of the Public	Briefings provided to Ministers on options to amend tax credit settings to enable greater financial security and/or reduce the Effective Marginal tax Rate of low-income individuals.
25OIA2107	28/04/2025	05/05/2025	 Labour Leader's Office	Copies of 25SR03, 25SR04, 25SR05, IR2025/023, BN2025085, BN2025/042, IR2025/007, BN2025/051 and IR2025/018.
25OIA2109	02/05/2025	05/05/2025	s 9(2)(a) TVNZ	Copy of BN2025/061: Fact sheet for tax changes to artist resale royalty.
25OIA2112	28/04/2025	05/05/2025	s 9(2)(a) NZME	Copies of BN2025/035, IR2025/007, BN2025/051, IR2025/018, BN2025/061, IR2025/066, IR2025/012 & IR2025/022.



**Policy
Taukaea**
55 Featherston Street
PO Box 2198
Wellington 6140
New Zealand
T. 04 890 1500

Briefing note

Reference: BN2025/153
Date: 4 April 2025
To: Revenue Advisor, Minister of Finance – Emma Grigg
Revenue Advisor, Minister of Revenue – Angela Graham
From: Samantha Putt
Subject: **Information ahead of Joint Ministers' Meeting on 7 March**

Purpose

1. This briefing note updates on the Budget 2025 initiatives for the Revenue Portfolio.
2. The information pack includes:
 - An updated Policy initiatives table for Budget 2025 projects.
 - An updated Budget 2025 potential consultation schedule.
3. For your information, the following reports have been provided to you:
 - Taxation and the not-for-profit sector: Budget decisions (IR2025/146 refers).
 - Budget 2025 Regulatory Impact Statements for the Revenue Portfolio (IR2025/152; T2025/917 refers).

Consultation with the Treasury

4. The Treasury was informed about this briefing note.

Samantha Putt
Policy Advisor

s 9(2)(a)



Agenda for Joint Ministers' meeting 7 April 2025 2:30 – 3:15pm

Attendees

Hon Nicola Willis
Minister of Finance

Hon Simon Watts
Minister of Revenue

The Treasury

Tim Hampton, Director, Economic System Directorate
Jean Le Roux, Manager, Tax Strategy
Michael Sherwood, Senior Analyst, Financial Markets

Inland Revenue

David Carrigan, Acting Deputy Commissioner, Enterprise Design & Integrity
Phil Whittington, Acting Deputy Commissioner, Policy
Maraina Hak, Policy Lead

Items
1. Budget 2025 context
2. Overview of public consultations

Budget 2025 Timeframes and Sequencing

Project	Current state	Fiscals		April		Final Budget Decisions		Budget Night Action
KiwiSaver Changes to KiwiSaver: Reduces government contribution. - Increases to default and minimum contribution rates	Subject to confirmation by Budget Ministers, the following package will be submitted for inclusion in Budget 25 package: - Halve the GVC for earners up to \$180,000 and remove the GVC for earners above this point (1 July 25) - Increase contribution rates to 3.5% (1 April 26) and then 4% (1 April 28) [these would be the new default and minimum rates] - Option for individuals to keep a 3% contribution rate [TBC] - Extend GVC and employer contributions to 16 and 17 year olds (subject to Budget allowances).	This option would save \$2.96 billion over the forecast period	Budget Ministers 2 April		Budget Ministers 9 April	Confirmation of final package to be made at BM 5.	Budget Moratorium 14 April	Legislation
Investment Boost (Partial expensing) Allowing businesses to immediately deduct a portion of a new asset’s capital cost as a tax expense.	Budget Ministers have agreed to a 20% broad-based Investment Boost regime.	Would cost \$6.6 billion over the forecast period (20% broad-based).		IR and TSY provided note on 26 March with examples with detailed design. IR provided note on 3 April with background information on NZ’s previous depreciation loading regime.		Budget Ministers agreed to a 20% broad-based Investment Boost regime at BM4.		Legislation

Budget 2025 Timeframes and Sequencing

s 9(2)(f)(iv)							
BestStart/WFF changes Targeting first year of Best Start, increasing WFF abatement threshold and increasing abatement rate.	Budget Ministers have agreed to progressing abatement and threshold changes: - Targeting first year of Best Start (align with years 2 and 3 of the credit) - Increase WFF abatement threshold to \$44,900 and abatement rate to 27.5%	At the WFF Budget bilateral on 5 March, Ministers agreed a fiscally neutral WFF package.		Input to Cabinet policy and legislation papers.			Legislation
Social Policy Announcement Release of discussion document on increasing certainty and preventing debt in the WFF scheme.	Officials are drafting the discussion document.	No direct fiscals from releasing the discussion document, but some of the options could have fiscal implications		Final draft officials’ issues paper expected to go up week beginning 7 April with Cabinet paper		To be considered by Cabinet on 12 May for release on Budget Day.	Release of discussion document
Employee Share Schemes Potential Budget Night package of changing the employee share scheme rules.	Officials’ issues paper published 31 January. Submissions closed 14 March. Ministers have agreed to a simplified deferral regime for inclusion in Budget 25. s 9(2)(f)(iv) 	Simplified deferral regime would cost \$9.9m over the forecast period.		Reported on outcome of consultation to Ministers on 27 March.		Input into Budget Cabinet paper of 14 April.	Announcement (Legislation in omnibus tax Bill 2025, s 9(2)(f)(iv)

Budget 2025 Timeframes and Sequencing

Thin capitalisation Release of an officials’ issue paper about whether the thin capitalisation rules are unduly discouraging foreign investment in infrastructure.	Preparing consultation document for release as part of Budget 2025.	Tagged contingency of \$65 million sought as part of Budget 2025.		Input into Budget Cabinet paper of 14 April confirming that: 1. An officials’ issues paper will be released as part of Budget 25 (on Budget Day or pre-Budget announcement); 2. The fiscal cost will be recognised as a Budget 2025 tagged contingency; and 3. MoF and MoR will be authorised to approve the contents, detail and release of the officials’ issues paper.		Officials will report to joint-Ministers before 1 May seeking approval of the official’s issues paper.		Announcement and release of officials’ issues paper (could be pre-Budget Day).
Digital Services Tax s 9(2)(f)(iv), s 6(a), s 9(2)(j)	Cabinet paper discharging the DST Bill s 6(a), s 9(2)(j), s 9(2)(f)(iv) was considered by Cabinet 24 March (CAB-25-MIN-0079 refers).	Discharging the DST will mean foregoing \$479 million over forecast period. s 6(a), s 9(2)(f)(iv), s 9(2)(j)						Discharging of DST Bill and potential announcement of changes to DST due prior to Budget Night [TBC] s 6(a), s 9(2)(f)(iv), s 9(2)(j)
Fringe Benefit Tax Changes to the FBT scheme to lower compliance costs for businesses.	Consultation document released 1 April. Submissions close 5 May.			Consultation document released 1 April following Cabinet on 31 March. Officials released PR and Q&As.				Possible announcement

Budget 2025 Timeframes and Sequencing

s 9(2)(f)(iv)

Budget 2025 Timeframes and Sequencing

s 9(2)(f)(iv)

Budget 2025- Potential Consultation Schedule

Project	Description	Application Date	Fiscals	Administrative Costs	Announcement or legislation date	Progress to date	Next Step
Foreign Investment Funds (phase 1)	Introduces a new option for qualifying migrants to tax FIF interests using a revenue account method. This is intended to reduce a barrier to attracting and retaining migrants.	1 April 2025 (but retrospectively available to qualifying migrants from 1 April 2024).	Revenue account method (depending on length of absence test): \$1.381 million to \$1.933 million over forecast period (managed against Tax Scorecard).	\$0.780 million over forecast period (2025/26 to 2028/29).	Investment Summit.	Announced on 12 March.	Legislate in next omnibus tax Bill (scheduled for introduction in August)
s 9(2)(f)(iv)							
Fringe Benefit Tax	Public consultation on changes to the FBT scheme to lower compliance costs for businesses.	1 April 2026.	Potentially fiscally neutral or a small cost.	TBC	Officials’ issues paper released on 1 April after Cabinet consideration on 31 March. Proposals could be taken forward as part of next omnibus tax Bill.	Submissions close 5 May.	Ongoing support to Ministers’ offices. Reporting on submissions 30 May (approx).
Social Policy Announcement	Announcement of Working for Families discussion document.	Dependent on design and timing of decisions – 1 April 2027 or 2028 earliest feasible dates for shorter periods of assessment. Other items in discussion document could implemented before this.	Depends on design.	TBC	Budget 2025 announcement and release of document.	13 March: draft discussion document for ministerial feedback sent up. Final draft officials’ issues paper expected to go up week beginning 7 April with Cabinet paper.	Input to Cabinet policy papers. Lodge discussion document for Cabinet on 1 May. Final Cabinet decision on 12 May.
Employee Share Schemes	Potential Budget Night package of changing the employee share scheme rules.	1 April 2026 (or later if further design is required).	Simplified deferral regime would cost \$9.9m over the forecast period.	Up to \$3.000 million over the forecast period.	Announcement (legislation in omnibus tax Bill 2025) s 9(2)(f)(iv)	Officials’ issues paper published 31 January. Submissions closed 14 March. period as part of Budget 2025. Input into Budget Cabinet paper on 14 April.	Ministers have agreed to a simplified deferral regime for inclusion in Budget 25.
Thin Capitalisation	Potential announcement of an officials’ issues paper about whether the thin capitalisation rules are unduly discouraging foreign investment in infrastructure.	s 9(2)(f)(iv)	Upper bound estimate of \$65 million per annum but will depend on design.	\$2 million over the forecast period.	Budget 2025 announcement and release [possible pre-Budget announcement]	Progressing on a Budget 2025 release of consultation document s 9(2)(f)(iv)	Input into 14 April Budget Cabinet paper: - seeking tagged contingency in B25, and - seeking delegated authority for MOF/MOR to agree to contents, detail

Budget 2025- Potential Consultation Schedule

Project	Description	Application Date	Fiscals	Administrative Costs	Announcement or legislation date	Progress to date	Next Step
							and release of the issues paper. Draft officials’ issues paper to be provided 17 April (approx).
s 9(2)(f)(iv)							
GST + Joint Ventures [Not a Budget initiative]	The main proposal is to allow the members of a joint venture to account for GST individually.	1 April 2026	TBC – estimated fiscal cost of approx. \$3.7 million per annum but will depend on final design including application date.	TBC	This has been announced by the Minister of Racing. s 9(2)(f)(iv)	Considered by ECO on 2 April and to be considered by Cabinet 7 April	Following Cabinet process, issues paper can be released for consultation.

**POLICY**

Tax policy report: **Debt to government framework – response to FinCap report**

Date:	7 April 2025	Priority:	Low
Security level:	In Confidence	Report number:	IR2025/008

Action sought

	Action sought	Deadline
Minister of Finance	Note the contents of this report Refer report to Minister of Housing, Minister of Justice, and Minister for Social Development and Employment	-
Minister of Revenue	Note the contents of this report	-

Contact for telephone discussion (if required)

Name	Position	Telephone	Suggested first contact
Samantha Aldridge	Acting Policy Lead	s 9(2)(a)	☐
Kathleen Littlejohn	Senior Policy Advisor	s 9(2)(a)	☒

7 April 2025

Minister of Finance
Minister of Revenue

Debt to government framework – response to FinCap report

Summary

1. This report provides background information on the debt to government project, which was referenced in a report FinCap sent to the Minister of Finance's office in November 2024.
2. The debt to government project has been paused, but a report back to Cabinet will occur in July 2026 evaluating the 'all of government debt framework' produced in 2023 as part of the project.

Purpose

3. The Minister of Finance's office received a report from FinCap outlining their findings following a series of Official Information Act requests about the debt to government project. The requests were sent to the Ministry of Social Development, the Ministry of Justice, Inland Revenue, Kāinga Ora, and the Ministry of Foreign Affairs and Trade.
4. This report briefs you on the background to the debt to government project, FinCap's involvement, and their report and its recommendations.

Background

5. The debt to government project was established by the previous government following recommendations by the Tax Working Group and the Welfare Expert Advisory Group to establish a cross-government approach to managing debt owed by individuals to government agencies.
6. Social Investment Agency research from September 2020 showed that approximately 566,600 low-income New Zealanders collectively owed \$3.5 billion of debt to Inland Revenue, the Ministry of Social Development and the Ministry of Justice. Of this debt, over \$2.5 billion was owed by people in households with children. Many people also had a high incidence of private debt as well, and there is a high level of debt persistence¹ [Refer *Appendix 1: Debt to government: summary of findings* for more detail].
7. The final report of the Tax Working Group in 2019 recommended the establishment of a single centralised Crown debt collection agency, to achieve economies of scale and more equitable outcomes across all Crown debtors. However, officials recommended greater alignment of agency policies on debt prevention and collection as a better way of achieving these objectives [TSY T2021/780 refers].

The debt to government project's work programme

8. A work programme was jointly led by the Ministers of Revenue, Child Poverty Reduction, Revenue, Justice and the Minister for Social Development and

¹ <https://www.sia.govt.nz/assets/Debt-research-overview-A3-v4.pdf>

Employment It was not focused exclusively on Inland Revenue debt but rather on reducing hardship arising from debt owed to government by low-income individuals and households. The objectives of the programme were to:

- 8.1 Ensure debt recovery is fair, effective and avoids exacerbating hardship; and
 - 8.2 Prevent debt from occurring so that it does not create future problems for those in hardship.
9. The Department of the Prime Minister and Cabinet, Inland Revenue, the Ministry of Social Development, Kāinga Ora, and the Ministry of Justice collaborated and progressed a work programme over several years. In Budget 2022, the work programme resulted in the removal of interest from legal aid debt and an expansion of the non-recoverable entitlement in the Ministry of Social Development's hardship grants for dental treatment. Pilot programmes have also been undertaken to see where improvements could be achieved, including the Ministry of Social Development and Inland Revenue working jointly on debt collection from common customers².
10. When the last Cabinet paper was considered in July 2023 there were several initiatives still under way, but most were longer-running pieces of work. Two of these initiatives, which aimed to support the work programme and align existing policy better with the debt framework, were exploring:
- 10.1 removing interest and penalties from Working for Families overpayment debt, and
 - 10.2 targeted write-offs of debts owed to the Ministry of Social Development.
11. Inland Revenue's work relating to Working for Families overpayment debt, including its interest and penalties regime, has been continued within the remit of the Working for Families tax credits stewardship programme.
12. The Ministry of Social Development's work relating to targeted write-offs has been paused due to changing ministerial priorities.

The policy framework for debt to government

13. The key deliverable resulting from the debt to government work programme was the document "*A framework for debt to government: Guidelines for agencies managing personal debt owed to government*".
14. In July 2023, Cabinet agreed to adopt the framework [SWC-23-MIN-0092 refers]. It was then published in September 2023 for all government agencies to use to guide debt policy and practice. Inland Revenue drafted the framework with input and consultation from other government agencies, not-for-profit agencies and iwi.
15. The purpose of the framework was to achieve a more principled and consistent approach to debt policy and practice across government, recognising that individuals may have debt to multiple agencies or complex personal circumstances which make it difficult for them to become free of debt.
16. Retrospective changes to the debt policies or practices of government agencies were *not required* as part of Cabinet adopting the framework. However, future changes for debt-related policy and practice that are brought to Cabinet should be assessed against the framework, noting where they do or do not align with its guidance.

² [Proactive Release - Reducing impact of debt to government - 3 February 2022 - Department of the Prime Minister and Cabinet](#)

17. The framework is linked on the Department of the Prime Minister and Cabinet's guide for consultation on cross-government issues. When a policy proposal is brought to Cabinet and there are implications for debt or potential debt, the relevant agency should refer to the framework and its principles (or explain their policy rationale for not doing so) in relation to their proposal.
18. The previous Cabinet required a report back in July 2024 that included a review of Inland Revenue, the Ministry of Social Development and the Ministry of Justice's existing debt policies and operations against the framework.
19. In March 2024, the wider work programme on other debt-related work was paused, and the planned July 2024 report back to Cabinet was cancelled [*IR2024/053: Debt to government programme – post-election advice*].
20. Cabinet invited joint Ministers to report back to Cabinet by 31 July 2026 with an evaluation for Ministers to decide whether to retain the framework or consider alternative approaches [*SWC-23-MIN-0092 refers*]. This three-year report back, intended to evaluate the framework and decide whether to keep or replace it, remains in place. The following table provides a timeline of the project to date:

Date	Event
2019	Joint ministerial work programme established to examine the issue of debt to government following Tax Working Group and Welfare Expert Advisory Group recommendations
2021	The Department of the Prime Minister and Cabinet, Inland Revenue, the Ministry of Social Development, Kāinga Ora, and the Ministry of Justice formed a group to work on where alignment can be achieved without setting up a Crown debt collection agency.
2022	The Social Wellbeing Agency published several reports relating to debt to government, using data from Stats NZ's Integrated Data Infrastructure.
Late 2022 to April 2023	Two-phase consultation on the draft framework ³ - Phase 1: government agencies - Phase 2: external groups including FinCap, other community and advocacy groups, and Ngaphui iwi.
July 2023	Cabinet agreed on the next steps for the debt to government work programme, including report backs requested by Cabinet in mid-2024 and 2026.
September 2023	The finalised document "A framework for debt to government: Guidelines for agencies managing personal debt owed to government" was published. Proactive release of Cabinet paper. Public submissions on the framework were published.
March 2024	Post-election briefing [<i>IR2024/053 refers</i>]. The debt to government work programme was paused, cancelling the 2024 report back to Cabinet but retaining the 2026 report and evaluation.
September 2024	OiA request from FinCap received.
October 2024	OiA response from IR.
December 2024	FinCap report on OIA findings is sent to the Minister of Finance.
July 2026	<i>Report due to Cabinet to evaluate the effectiveness of the framework and whether to keep, remove or replace it.</i>

³ [SWC-23-SUB-0092 - Information release: Policy framework for debt to government \(September 2023\)](#)

FinCap's November report

21. The National Building Financial Capability Charitable Trust (FinCap) is the national entity that supports the Building Financial Capability sector. FinCap provides support functions to Building Financial Capability providers and others and is a sector voice to communicate advice and insights to government and others. The organisation supports 190 local, free financial mentoring services across New Zealand, and has been contracted by the Ministry of Social Development from 1 July 2022 for five years⁴.
22. As part of the second phase of consultation on the draft framework, Inland Revenue reached out to a range of organisations, including FinCap, for their feedback. FinCap responded on 5 April 2023 with a comprehensive submission including recommendations.
23. Their November 2024 report summarises the responses received from the five government departments who they requested information from. It compares the agencies across topics such as writeoff provisions, debt relief, the application of penalties and interest, the way agencies assess hardship and related issues.
24. The report puts emphasis on hardship assessments, which form a key part of the framework, noting: "The guidance on hardship assessments, and actual processes and practices involved, vary immensely between agencies. There is no evidence of a holistic, comprehensive hardship assessment being undertaken by any agency, at least to the extent that this process was described in any response to the OIA." FinCap also expresses concern at MFAT's approach, which effectively outsources the hardship assessment to a debt collection agency where needed.
25. Another key recommendation is that there should be some form of common hardship assessment, taking financial and other circumstances into account, which could then be shared to relevant agencies. Work on a common definition of hardship was originally begun as part of the debt to government work programme, but the differences in how the concept of hardship fits into different agencies' work was difficult to resolve. For example, agencies such as the Ministry of Social Development use hardship to determine a person's entitlement to assistance, while others use hardship in relation to determining debt relief (such as Inland Revenue). Inland Revenue can assess any customer against hardship criteria, and its customer base is far broader than that of the Ministry of Social Development. This makes a common definition complex to achieve in any practical way. The decision was made not to progress with a single all-of-government hardship assessment test⁵ [SWC-23-MIN-0092 refers].
26. FinCap also expressed particular interest in the parts of the framework that seek to address the complex issue of family violence and how this can be reflected in debt issues. The report notes that "[a] gap in our OIA approach was asking, specifically, if family harm considerations were taken into hardship assessments surrounding debt. The capacity to sensitively and appropriately deal with clients who are experiencing family harm is very important, however it is also important that agencies have policy in place to assess if family harm is playing a role in the accumulation of any debt, or financial hardship limiting repayment of debt"⁶.
27. In terms of content relating directly to Inland Revenue, the report is a fair reflection of Inland Revenue's progress to date on alignment with the framework. As no specific deliverables have been required since the publication of the framework, there has been little tangible progress in changing legislation or policy.

⁴<https://www.msd.govt.nz/what-we-can-do/providers/building-financial-capability/national-entity.html#MSDr'scontractwithFinCap2>

⁵ SWC-23-SUB-0092 - Information release: Policy framework for debt to government (September 2023)

⁶ FinCap: Policy alignment with the Debt to Government framework report page 36

28. The report discusses the student loan scheme, but it should be noted that the student loan scheme is specifically excluded from the debt to government framework⁷. In our response, Inland Revenue provided *SPS20/05 Student loan repayment – options for relief* to FinCap to explain Inland Revenue's current response to student loan debt.
29. FinCap make particular note of overpayment debt owed to the Ministry of Social Development, which is at a high level and reflects their experiences as financial mentors where clients are trying, but unable to, avoid getting into debt: "Financial mentors have told FinCap of many examples about debts arising in this way despite debtors' best efforts to avoid overpayment debt".

Has Inland Revenue used the framework?

30. The framework was considered and referred to in relation to the debt settings for the new FamilyBoost tax credit [*IR2024/259 refers*]. FamilyBoost was designed to be a largely 'full and final' payment based on retrospective circumstances, avoiding the estimation, square-up, and under/over-payment cycle which exists for Working for Families tax credits. Officials revisited the issue of applying penalties to FamilyBoost following initial implementation and concluded it was unreasonably punitive to impose late payment penalties on customers who were overpaid their FamilyBoost. The penalty approach was aligned with the framework.
31. Inland Revenue is considering how the framework aligns with the Inland Revenue Working for Families stewardship project currently underway.

Has the Ministry of Social Development used the framework?

32. In their response to FinCap's request, the Ministry of Social Development states: "Whilst not explicitly included as rationale in written advice to Ministers, the framework was considered by officials when developing the Emergency Housing Grants Programme, specifically when formulating and justifying our advised settings change to remove the ability to make grants recoverable. The Ministry advised that recoverable grants were intended to be used as a consequence for an applicant not meeting their responsibilities, but they were rarely used as they were ineffective in changing behaviour and increased applicant debt to the Crown. As a result, the Ministry recommended removing the ability to make grants recoverable, which Ministers agreed to."⁸

FinCap's recommendations in their November report

33. The report makes recommendations under three headings:
- 33.1 Recommendations for "**monitoring and progressing alignment with the policy framework for debt to Government**":
- FinCap recommends some form of centralised oversight of debt policy and practice alignment.
 - We note that a Cabinet requirement is for proposals to be assessed according to the framework. However, there is no requirement for existing policy and practice to be assessed against the framework. We

⁷ SWC-23-MIN-0092 noted that the Student Loan Scheme will sit outside the framework, as its own framework contains several features designed to manage lending, provide for manageable repayments, and alleviate hardship for borrowers.

⁸ [17102024-information-relating-to-the-debt-to-government-policy-framework.pdf](#)

note that assessment of existing policy and practice would require reallocation of agency resources.

33.2 Recommendations for “**alleviating the harm caused while alignment is progressed**”:

- Fincap recommends a high trust approach be adopted by agencies for helping families who are in or close to hardship while agencies work to align more closely with the framework.
- From Inland Revenue’s perspective, it is difficult to see how this could be achieved, other than a reminder to agencies to ensure frontline staff are familiar with options to assist customers struggling with debt and to actively provide information and support families to take up these options.

33.3 Recommendations for “**future research into debt to government**”:

- FinCap highlights the variation across agencies’ debt processes and how the client experience of these processes is not commonly understood across government.
- We agree that research into the customer and financial mentor experience could be useful to highlight practical policy and process improvements for agencies. Ministers could consider whether to commission research into this area, and whether the Social Investment Agency could have a role in this.
- Inland Revenue’s stewardship programme on Working for Families tax credits includes work to better understand overpayments and debt and to propose some alternative approaches to administration which may help reduce these negative impacts.

Next steps

34. You may wish to meet with FinCap to discuss the recommendations they have outlined in their report. Officials can provide further materials to support this meeting if needed.
35. If no further action is requested by Ministers, the next step for this work is for Inland Revenue to coordinate the cross-agency report back to Cabinet in July 2026. The issues raised by FinCap would be considered as part of this report back.

Recommended action

We recommend that you:

1. **note** the contents of this report

Noted

Minister of Finance

Noted

Minister of Revenue

2. **refer** a copy of this report to the Minister of Housing, the Minister of Justice and the Minister for Social Development and Employment for their information.

Referred

s 9(2)(a)

Samantha Aldridge

Acting Policy Lead
Policy

Hon Nicola Willis

Minister of Finance
/ /2025

Hon Simon Watts

Minister of Revenue
/ /2025

Appendix 1: Social Investment Agency A3 on Debt to government Summary of Findings

Appendix 2: FinCap's submission during consultation on the draft framework

Appendix 3: A framework for debt to government

Appendix 4: IR's OIA response to FinCap's request (October 2024)

Appendix 5: FinCap's November memo analysing the OIA response

Policy alignment with the Debt to Government framework

Analysis on five OIA responses from government agencies

Report by Fraser Williams for FinCap

22 November 2024



Executive Summary

This report analyses the responses given by five government agencies to OIA requests made by FinCap. The requests were prepared by Janeka Rutherford-Busck and asked about the progress these agencies had made towards aligning their policy and practice with the debt to government framework. These agencies were the Ministry of Social Development (**MSD**), the Ministry of Justice (**MOJ**), Inland Revenue (**IR**), Kāinga Ora (**KO**), and the Ministry of Foreign Affairs and Trade (**MFAT**).

Within FinCap's OIA requests, particular attention was given to how the principles of the framework were followed during debt creation, debt relief and write-off due to financial hardship, the treatment of debt created through system error, and policy around recognising and responding to family harm within the experience of a client's circumstances.

Agencies varied in their reports of how much progress had been made towards alignment with the framework. While many reported that they had considered or consulted the framework, MSD and IR essentially said the framework had not been formally considered in any policies currently in place. In the case of MSD, this is particularly concerning, as at March 2024 they were owed \$2.61 billion by 621,541 people collectively.

While many policies demonstrated aspects that were aligned with the framework, all responses also demonstrated numerous shortcomings. This exercise also demonstrated that debt creation and management processes across all of these agencies vary considerably in their structure (including what regulatory documents they are governed by), level of detail, and options for relief.

Overall, the findings illustrate that while progress is underway for some agencies, more needs to be done to ensure that policies across government agencies are reviewed and made consistent with both the debt to government framework, and each other. A central monitoring organisation could be one effective way to promote uptake and hold agencies accountable. Other recommendations for furthering the adoption of the debt to government framework are given.

In light of these findings, this report presents recommendations for future research into this issue, including an inquiry into the experience of clients and financial mentors who have navigated the debt management and relief processes of government agencies, and whether or not the principles of the framework are evident in that end-user experience. Topics for future OIA requests that have emerged out of gaps within these responses are also presented, which may be useful in further understanding the mechanisms that agencies use to establish and manage debt.

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Background

The debt to government framework

The debt to government framework was developed in 2023 by Inland Revenue, the Ministry of Social Development, the Ministry of Justice and the Department of the Prime Minister and Cabinet in response to recommendations from the Welfare Expert Advisory and Tax Working Groups. This framework was established to address the growing issue of debt owed to government agencies by individuals, much of which is preventable. In September 2020, Inland Revenue (IR) stated that \$3.5 billion was owed to government agencies by individuals, while the Ministry of Social Development (MSD) found that in March 2024, 621,541 people collectively owed \$2.61 billion to that agency alone.¹

While this framework has not dictated any immediate changes, all future policy or legislative changes that relate in any way to debt to government will need to be considered against this framework.

The debt to government framework consists of three parts which inform a ‘best practice’ approach for how government agencies should consider debt and debt creation.² These are:

1. Overarching principles for creating and managing debt:
 - Minimising hardship
 - Fairness
 - Consistency with Treaty obligations
 - Accounting for behavioural responses
 - Public value
 - Transparency
2. A ‘purpose-centred’ approach which categorises different types of debt according to underlying policy objectives, and how these objectives inform what appropriate debt management looks like
3. A ‘person-centred’ approach which outlines how agencies “might” take into account an individual’s personal circumstances, including debt already owed to other government agencies, and their ability to repay debt.

The framework states that “The policy-centred approach and the person-centred approach are intended to work together, with both having an influence over the outcome,” and that hardship provisions for

¹ RNZ (2024), *The benefit system that holds the poor in poverty*. <https://www.rnz.co.nz/programmes/the-detail/story/2018943380/the-benefit-system-that-holds-the-poor-in-poverty>

² Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, pp. 3-7. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

managing debt may need to be applied flexibly depending on both personal circumstances and the purpose of the debt.³

FinCap has the 'resolving of issues with the creation and collection of debt to government' as a proactive policy reform priority. Through targeted consultation opportunities from IR, FinCap shared many insights and recommendations for the final framework for debt to government which were based on the experiences of debtors and the financial mentors who support them. Many of the recommendations were adopted and FinCap is now focused on seeing the framework implemented to deliver greater financial wellbeing across communities.

This memo will assess the OIA responses for evidence of these agencies adopting the debt to government framework, using the principles of the framework as a guiding tool.

Our OIA process

FinCap initially chose four government agencies to respond under OIA processes given financial mentors' regular work with their mutual clients. These agencies were:

- The Ministry of Social Development (MSD)
- The Ministry of Justice (MOJ)
- Inland Revenue (IR)
- Kāinga Ora (KO)

Following this, the Ministry of Foreign Affairs and Trade (MFAT) contacted the MoneyTalks service to enquire about appropriate ways to refer. This indicated use of the framework for debt to government in the review of operation policy so an OIA request was also sent to MFAT to provide a point of comparison.

Discussion - do we see evidence of the framework principles?

Across the five agencies discussed here, policy and practice alignment with the debt to government framework varies, and not always according to the progress that each agency reports to have made.

There are numerous positive aspects to the debt processes of some of these agencies. Generally, it is good to see:

- Most agencies have interest removed as a penalty for appropriate kinds of debt as a default;
- Many agencies have processes in place for considering numerous kinds of debt relief;
- Some agencies have established alternatives to creating debt where possible;

³ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 14. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

- write-off or reversal systems in place for debt created due to system error.

However, many gaps in framework alignment also exist, and processes of debt creation and management appear to function quite differently across agencies.

While MFAT, MOJ and KO all reported that their settings aligned to the debt to government framework either following review or simply as a matter of course, MSD and IR acknowledged that they had made little to no progress. MSD and IR, however, have much more complex debt functions and procedures than the other three agencies. It therefore makes sense that they have more work to do, but it is also important to note that this is some of the more urgent and expansive debt to address. Even though MFAT, MOJ and KO demonstrate alignment with the debt to government framework in many ways, there are other aspects that do not align, or were not reported on in the OIA responses.

MSD, MOJ and IR have particularly prescriptive and clear-cut processes for creating and managing debt, including repayments, penalties and relief. However, these are usually outlined within Acts or internal policy documents. Sometimes, components of one agency's policy and practice are outlined across multiple documents. We did not see evidence within the OIA responses that summaries of these processes and how to navigate them exist in a format that is accessible to clients and financial mentors. This also presents an issue for transparency.

Having prescriptive debt creation and management settings outlined in Acts and Regulations, as these three agencies do, provides clear directives to base policy and practice from, even if it is not always followed. However, it also means that change to align policy and practice with the debt to government framework therefore means legislative change or amendment.

All of these differences speak to the wider problem of a lack of standardisation, which in and of itself poses a challenge for maintaining fairness across debt types.

Comparison of relief and write-off policies

These OIA responses demonstrated a wide disparity between both MSD and KO and the other agencies for options surrounding debt relief, including write-off.

MSD stated that they had the ability to review rate and method of repayment if financial hardship was reported, although no further detail was given on this, and write-off settings revolve solely around whether or not relatively small amounts of debt are uneconomic to recover or insolvency. This has not changed since 2014, which is when the last Ministerial Directions were given on the topic by Paula Bennett.

KO similarly stated that they primarily refer tenants to other financial services rather than making adjustments on debt settings due to hardship.

The other three agencies have far more debt relief options outlined, with write-off clearly available in instances of severe hardship for similar debt types such as loans. While the accessibility and consistency

of these policies differs between agencies, they appear to be more person-centered. As discussed, IR has a particularly detailed outline of what relief is available under what circumstances, with the factors that need to be considered in each case clearly outlined. It is also good to see that there is the capacity, within IR's hardship assessment, for the Commissioner to exercise discernment and consider other factors that they see are relevant.

Comparison of hardship assessments

All agencies except KO are deploying hardship assessments of some sort when they establish rates and methods of repayment, however these are not as comprehensive as what the debt to government framework recommends. In the case of some, such as MSD, it is not clear if or when such an assessment is undertaken when reviewing an application for relief due to financial hardship. KO also clearly stated they do not undertake a hardship assessment.

The hardship assessments that exist vary in their level of detail, particularly in terms of how the components are operationalised. MOJ is the most detailed when it comes to assessing the economic or financial components of an individual's circumstances, while others state that these are assessed, but do not describe how. Most agencies indicate that they consider factors beyond finances, but it would be best to see hardship assessments move in the holistic direction outlined by the debt to government framework with detailed considerations for economic, social and cultural factors. Very little appears to have been done on integrating family harm recognition into hardship assessments.

It is concerning to see MFAT's reliance on external debt collection agencies to assess financial hardship. It also raises the question of whether or not other government agencies are employing debt collection agencies for any stages of their debt assessment or collection processes.

Recommendations

For monitoring and progressing alignment with the policy framework for debt to government:

While IR did tell us that an evaluation of the framework is due to be reported back to Cabinet in mid-2026, there was little evidence that alignment is currently ‘front of mind’ across government.

It is clear that **a central monitoring organisation needs to oversee the development of new guidelines across agencies for the debt to government framework to be taken up consistently across all government agencies**. The agency should have the authority to create timelines for alignment and resourcing to support alignment as well as facilitating better practice.

This could become a function of the Social Investment Agency, as they are mandated to set “the standards for social investment practice to ensure there is consistency across government agencies and contracted providers.”⁴ Appropriate relief from unaffordable debt that undermines the purpose behind the government creating that debt in the first place should be seen as an investment. The Agency has also previously provided detailed analysis that informed the framework.

Some agencies will need legislative amendments to change their debt creation and management processes. A central agency could advise on such opportunities.

As MSD’s most recent Ministerial Directions for managing debt were given in 2014, an update to these that better reflects the debt to government framework would bring alignment.

There is also a need for **agencies to update their hardship assessments to the holistic model recommended in the debt to government framework, with the aim of an overall reduction in hardship for clients**. This should include a component asking whether family harm and coercion may have played a role in debt creation or financial hardship.

For alleviating the harm caused while alignment is progressed:

Alignment to the Policy Framework for Debt to Government will likely take some time given the pace of alignment so far. In the interim, many whānau could not receive the support intended by the framework. To counter this, **a ‘high trust’ approach from agencies in their support of those who say**

⁴ Social investment agency (2024), *Social investment approach* <https://sia.govt.nz/social-investment>

they need assistance to avoid hardship should be the default approach to interactions that could lead to harm from debt to government until better practice is the norm.

Where FinCap has the resources, some of the information received from the Official Information Act request responses could also be turned into **flow charts to help financial mentors or other community workers to navigate the current settings**.

For future research into debt to government:

The existing variation between government agency debt processes, and the way in which agencies have varying adapted components to align with the debt to government framework, highlights the way in which the actual client experience of navigating these systems is not commonly understood across government in a way that has uniformly influenced policy and practice. This is something that the debt to government framework seeks to resolve with its 'person-centered' component. **It would be useful for FinCap, other NGOs or government agencies such as the Social Investment Agency to undertake qualitative research into both the debtor/client and financial mentor experience of navigating government debt systems and seeking relief due to financial hardship**, with the aim of the findings further informing policy and practice reviews.

Further points of interest for existing debt processes and settings have also emerged from these OIA responses. Following these, useful topics for future OIA requests have been identified as:

- What is KO's new 2024 debt management policy?
- How does KO determine the rate of repayment for rent arrears?
- How are agencies adapting hardship assessment processes to involve more of the factors described in the debt to government framework, such as the role that family harm may be playing in the debt or hardship?
- Do agencies engage with or utilise the services of debt collection agencies, and if so, which ones (including MFAT, who have stated they do utilize debt collection agencies)?
- How does MSD operationalise their hardship assessment, particularly the components:
 - The ability of the debtor to meet his or her needs and the needs of his or her dependants:
 - the circumstances of the debtor and his or her dependents?
- How often does MSD write off debt under each threshold of their 'uneconomic to recover' framework?
- How does IR decide whether or not to refund student loan repayments?
- Do other agencies refund repayments that are deemed to be unaffordable?

At this point in time, it does not appear that the process of making OIA requests further spurred government agencies in aligning policies and practices with the debt to government framework. The

agencies we made requests to agencies either brushed up their existing policies, or told us outright they hadn't done any work. However, if expectations (possibly in the form of benchmarks or timelines) for alignment and consistency were to be established by a central monitoring agency, OIA requests on these matters would be a useful tool for holding agencies to greater account, and could further inform the work of the monitoring agency.

What these agencies told us

How do these agencies create debt?

These agencies create and manage debt through monetary loans, repayments for services, arrears in rent and tax payments, and overpayment of benefits. While loans are the most common type of debt, this is not an indication that most of the debt held is loan debt.

MFAT reported that they create and manage debt through the granting of consular loans to New Zealanders in distress overseas.⁵

Based on their interpretation of the debt to government framework, MOJ stated that they solely administer legal aid debt. Their OIA response did not include “information on fines debt established by the judiciary, as the judiciary is a separate branch of government, and court-imposed debts are not subject to the framework as a result.”⁶

IR administers tax debt, student loan debt and Small Business Cashflow (Loan) Scheme debt. In their OIA response, IR included information on how they manage Small Business Cashflow Scheme debt when it is held by individuals.⁷

MSD administers debt in the form of both Hardship Assistance (consisting of Special Needs Grants, some of which are recoverable, and Advance Payments of Benefits and Recoverable Assistance Payments, which are always recoverable) and benefit overpayments.⁸ In our OIA request, we also asked whether or not the debt to government framework was consulted during the development of the Traffic Light System⁹ used to outline the obligations for those receiving benefits. MSD responded that the Traffic Light System has not introduced any new obligations or changed the nature of financial sanctions, but rather exists as “a resource to assist beneficiaries in comprehending and adhering to their current obligations, enabling them to prevent sanctions and the related consequences.”¹⁰

KO solely manages debt in the form of rental arrears.¹¹

⁵ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 2.

⁶ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 2.

⁷ Inland Revenue, *OIA 25OIA1265 response* (8 October, 2024), p. 1.

⁸ Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 7. Included in OIA response.

⁹ Work and Income (n.d.), *Traffic Light System* <https://www.workandincome.govt.nz/on-a-benefit/obligations/traffic-light-system/index.html>

¹⁰ Ministry of Social Development, *OIA response* (17 October 2024), p. 3.

¹¹ Kāinga Ora, *OIA response* (30 October, 2024), p. 1.

What work do agencies say they have done to bring policy and practice in line with the debt to government framework?

In their OIA responses, MFAT, IR, KO and MOJ claimed to have at least consulted the debt to government framework in recent policy discussions and reviews.

MFAT stated that consultation occurred in 2023 during a refresh of the staff guidelines that govern consular loans.¹²

IR told us that they “have used the framework to guide recent policy discussions on debt, but these policies have not yet been considered by Cabinet.”¹³

KO stated that since August 2023, they have reviewed their policy approach to rental arrears according to the debt to government framework, which “included both policy settings to prevent and manage future rent debt from occurring, as well as managing current debt levels.”¹⁴ In August 2024, the KO Board “agreed a new Rent Debt Policy and an approach to managing current debt, and are now in the planning stage for implementation,” which will include developing consistent processes and guidance for staff.¹⁵

MOJ said that “the Ministry’s already existing debt policies and operations relating to legal aid debt that have been in place since the introduction of the Framework in August 2023 already met the recommendations outlined in the Framework for the debt type.”¹⁶ They also highlighted that an investment for Legal Aid Services in Budget 2022 “allowed the Ministry to implement a 16.5% increase to the debt repayment thresholds on 1 January 2023, which has meant that more recipients of legal aid now receive lower or no repayment requirements on their grants of aid.” This investment further provided for three annual increases of this threshold by 1.9%, taking place on 1 July 2023, 1 July 2024, and a final future increase for 1 July 2025. As of 1 January 2023, interest on legal aid debt was also removed,¹⁷ which is a good instance of adaptation to principles of the debt to government framework - particularly around the suitability of applying interest to financial assistance debt that is likely to be held by lower-income households.

MSD told us that “No progress has been made to date” on bringing policy and practice in line with the debt to government framework, but that it “has been published as guidance for staff on the Ministry’s internal database.”¹⁸

¹² Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 2.

¹³ Inland Revenue, *OIA 250IA1265 response* (8 October, 2024), p. 1.

¹⁴ Kāinga Ora, *OIA response* (30 October, 2024), p. 1.

¹⁵ Kāinga Ora, *OIA response* (30 October, 2024), p. 1.

¹⁶ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 2.

¹⁷ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 2.

¹⁸ Ministry of Social Development, *OIA response* (17 October 2024), p. 2.

As will be seen throughout the rest of this memo, the extent to which existing debt creation and management processes align with the debt to government framework varies greatly between agencies, and demonstrates the need for a consistency across governing policies and legislation.

Creating debt and establishing rates and methods of recovery

The debt to government framework discusses how, while debt plays an important role in the day-to-day finances of individuals and households, the creation of debt “should not place people into hardship or exacerbate existing hardship.”¹⁹ As such, agencies should seek to “administer debt in a way that is appropriate for the individual’s circumstances as a whole”, which includes considerations around whether or not the creation of debt is appropriate for the individual to begin with, and if so, what the method and rate of repayment should be.²⁰

Assessing hardship when establishing debt and repayment settings

Assessing the level of pre-existing level financial hardship of an individual or household is essential to the process of deciding whether or not they should be granted a loan by a government agency, and if so, how they should pay it back. Debtors can often be going without essentials and their creditors have no visibility of this hardship unless they assess each unique set of circumstances in sufficient detail. The debt to government framework prescribes a comprehensive assessment which covers multiple aspects of an individual’s financial wellbeing, including:

- Can the person afford basic living expenses for themselves and any dependants?
Are dependants at risk of being placed into hardship?
- Does the person have other unavoidable and necessary costs (for example, children’s education costs, medical treatment for self or dependants, necessary vehicle repairs for a vehicle used for work or to enable the care of dependents etc.)?
- Has the person experienced unforeseeable costs (for example, unexpected medical costs)?
- Given the private and government debt that the person owes, is their debt position sustainable or is debt growing in an unmanageable fashion?
- What would be the financial impact on the household or wider whānau of any decisions made in relation to the debt owed by the person, including possible opportunity costs?
- What cultural expectations are present for the individual in terms of supporting

¹⁹ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 6. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

²⁰ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 6. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

wider whānau, or contributing to religious or cultural obligations?²¹

In their OIA responses, no agency demonstrated that their hardship assessments were as detailed or comprehensive as this, although most featured a component that considered the circumstances of the debtor and their dependants, and whether or not debt (and method and rate of recovery) would cause hardship. It is worth noting here that FinCap is concerned that while some responses indicated that some agencies are quick to waive debt, this still appears to rely on disclosure of difficulties by the debtor that are not visible otherwise. The hardship assessments in the framework would bring greater consistency.

Ministry of Social Development

MSD told us that their means of devising rates and methods of debt recovery are provided in a Ministerial Direction from 2014. This is available on Work and Income's website.²² Clause 4 of the Direction states:

- (1) In determining the rate of recovery, or the method of recovery, or both, in respect of a debt under regulation 209(1), MSD must give consideration to the following matters:
 - (a) the amount of the debt;
 - (b) the ability of the debtor to meet his or her needs and the needs of his or her dependants;
 - (c) the circumstances of the debtor and his or her dependants;
 - (d) whether the rate or method of recovery would cause undue hardship to the debtor or any of his or her dependants;
 - (e) the effect that the rate and method of recovery will have on the ability of the debtor to-
 - (i) support himself or herself;
 - (ii) fulfil any other obligations that he or she has under the Act;
 - (f) the cost of recovery.²³

It is good to see numerous aspects of an individual's circumstances considered here, however more insight into how these are operationalised would be useful.

²¹ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 15. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

²² Work and Income (2014), *Ministerial Direction on Debt Recovery* www.workandincome.govt.nz/map/legislation/ministerial-directions/debt-recovery-direction/ministerial-direction-on-debt-recovery.html.

²³ Work and Income (2014), *Ministerial Direction on Debt Recovery - Clause 4 rate and method of recovery* <https://www.workandincome.govt.nz/map/legislation/ministerial-directions/debt-recovery-direction/clause-4-rate-and-method-of-recovery.html>

Ministry of Foreign Affairs and Trade

MFAT staff operate under the guidance that loan durations should be for short periods, ideally no more than thirty days. However, they also state that “in very limited situations, a repayment period of up to three years can be agreed.”²⁴ There is some flexibility in payment arrangement, which can be in the form of a lump sum or a series of smaller payments.²⁵ It is not clear what level of hardship assessment goes into informing these decisions, although MFAT did state that “Consular loans are only extended in exceptional circumstances where a New Zealander requires financial resources to ensure their immediate safety and well-being or requires assistance for emergency departure or return to New Zealand, and they have no alternative way to obtain finance or ameliorate their situation.”²⁶ As such, MFAT views consular loans as a last resort for those already in hardship and who would be worse off without the loan.

Ministry of Justice

MOJ told us that legal aid debt “is established in accordance with settings and thresholds in the Act and are calculated according to the customer’s ability to pay largely based on how much the applicant earns and/or their assets.”²⁷ The ‘settings and thresholds’ in the Legal Service Act 2011 largely revolve around determining the amount repayable to the Commissioner based on the prescribed repayment amount proceeds of proceedings (the amount of money received from the legal case), and the cost of the services.²⁸ The Legal Services Regulations 2011 define prescribed repayment amount as the total of

- (a) the maximum amount payable based on capital determined under regulation 11; and
- (b) the maximum amount payable based on income determined under regulation 12.²⁹

These regulations rely on tables to prescribe the maximum amount payable for various bracket incomes. Figures 1 and 2 below demonstrate how this is calculated for capital and income (within the years 1 July 2023-1 July 2025), respectively:

²⁴ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 3.

²⁵ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 3.

²⁶ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 3.

²⁷ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 3.

²⁸ Legal Services Act 2011, section 21 <https://www.legislation.govt.nz/act/public/2011/0004/latest/whole.html#DLM3142836>

²⁹ Legal Services Regulations 2011, section 10
<https://legislation.govt.nz/regulation/public/2011/0144/latest/DLM3743622.html>

Schedule 1

Maximum amount payable based on capital

r 11

Maximum amount payable based on capital (\$)	Capital thresholds for single applicants without children (\$)	Capital thresholds for all other applicants (\$)
0	0–1,500	0–2,000
50	1,501–1,900	2,001–2,400
145	1,901–2,300	2,401–2,800
270	2,301–2,700	2,801–3,200
430	2,701–3,100	3,201–3,600
625	3,101–3,500	3,601–4,000
850	3,501–3,900	4,001–4,400
1,090	3,901–4,300	4,401–4,800
1,270	4,301–4,500	4,801–5,000

Figure 1: Table used to calculate maximum amount payable based on capital under the Legal Services Regulations 2011.³⁰

³⁰ Legal Services Regulations 2011, schedule 1

<https://legislation.govt.nz/regulation/public/2011/0144/latest/DLM3743639.html#DLM3743639>

Table 2—Maximum amount payable for repayments determined on or after 1 July 2023 and before close of 30 June 2024

Maximum amount payable based on income (\$)	Income thresholds				
	No children (\$)	1 child (\$)	2 children (\$)	3 children (\$)	4+ children (\$)
0	0–27,309	0–31,796	0–34,361	0–36,925	0–39,361
1,300	27,310–34,104	31,797–39,745	34,362–42,951	36,926–46,156	39,362–49,233
2,860	34,105–36,925	39,746–42,438	42,952–45,643	46,157–48,848	49,234–51,925
4,420	36,926–39,617	42,439–45,259	45,644–48,336	48,849–51,541	51,926–54,618
5,980	39,618–42,438	45,260–47,951	48,337–51,028	51,542–54,233	54,619–57,310
7,540	42,439–45,130	47,952–50,643	51,029–53,720	54,234–56,926	57,311–60,003
10,000	45,131–46,797	50,644–51,541	53,721–58,849	56,927–66,028	60,004–73,336

Table 3—Maximum amount payable for repayments determined on or after 1 July 2024 and before close of 30 June 2025

Maximum amount payable based on income (\$)	Income thresholds				
	No children (\$)	1 child (\$)	2 children (\$)	3 children (\$)	4+ children (\$)
0	0–27,828	0–32,401	0–35,013	0–37,626	0–40,109
1,300	27,829–34,752	32,402–40,501	35,014–43,767	37,627–47,033	40,110–50,168
2,860	34,753–37,626	40,502–43,244	43,768–46,510	47,034–49,777	50,169–52,912
4,420	37,627–40,370	43,245–46,118	46,511–49,254	49,778–52,520	52,913–55,656
5,980	40,371–43,244	46,119–48,862	49,255–51,998	52,521–55,264	55,657–58,399
7,540	43,245–45,988	48,863–51,606	51,999–54,741	55,265–58,007	58,400–61,143
10,000	45,989–47,686	51,607–52,520	54,742–59,967	58,008–67,283	61,144–74,730

Figure 2: Sample of tables used to calculate maximum amount payable for an applicant with a spouse or partner based on income under the Legal Services Regulations 2011.³¹

The Legal Services Regulations 2011 has these tables updated with new figures as the old ones become outdated. The maximum amount payable is then used alongside other figures in the following way to determine how much an individual has to repay:

- (2) The repayment payable if the proceeds of proceedings are less than the cost of services is determined by—
 - (a) adding the proceeds of proceedings and the prescribed repayment amount; and
 - (b) subtracting from the amount obtained under paragraph (a)—
 - (i) the amount (if any) by which it exceeds the cost of services; and
 - (ii) any interim repayment paid by the aided person; and
 - (iii) any deductions allowed by the Commissioner in accordance with this Act or the regulations.³²

³¹ Legal Services Regulations 2011, schedule 2

<https://legislation.govt.nz/regulation/public/2011/0144/latest/DLM3743641.html#DLM3743641>

³² Legal Services Act 2011, section 21 <https://www.legislation.govt.nz/act/public/2011/0004/latest/whole.html#DLM3142836>

As such, the amount that an individual can be loaned, and then subsequently charged, is highly determinable and directly tied to their financial capacity (both in terms of income and surplus wealth, and assets that can be liquidated). The rate and method of repayment is then influenced by other factors, such as the time that MOJ seeks full repayment within (as soon as possible, but within 5-7 years),³³ and the amount of investment into Legal Aid Services in the Budget which determines the minimum repayment possible. Although most of this detailed information can only be found within the Act and Regulations, it is probably the most prescriptive and publicly transparent means of assessing rate and method of repayment out of all of the agencies we sent OIA requests to. It is clear enough, for example, for Community Law to inform people inquiring about legal aid that “Usually, your repayments will be set at a starting out rate of roughly \$10 per week.”³⁴

While this does not constitute a comprehensive hardship assessment as laid out in the debt to government framework, it clearly employs some of the principles of the framework, including minimising hardship, fairness, and transparency. MOJ also stated in their OIA response that during this process “Consideration is also given to the seriousness of the charges, any dependent children, amount of debt or any other exceptional circumstances when the repayment amount is set.”³⁵

Inland Revenue

IR did not provide us with information on how they assess a client’s circumstances before establishing debt, or how this informs repayment settings. However, with student loan debt, information on the 12% PAYE deduction repayment rate and threshold is easily accessible online.³⁶ Eligibility for student loans is also very clear-cut, with some criteria for not being able to access this debt if experiencing some forms of hardship (bankruptcy or Student Loan repayment arrears of \$500 or more and overdue on repaying any of this amount by a year or more³⁷).

Similarly, information on the eligibility criteria³⁸ and repayment settings³⁹ for the Small Business Cashflow Scheme are available online. Repayments are not required for the first 2 years, however after 2 years, monthly payments and an interest rate of 3% begin. If a loan is defaulted on, the loan and any interest on it are required to be repaid in full immediately.⁴⁰

³³ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 4.

³⁴ Community Law (2024), *Repaying Legal Aid* <https://communitylaw.org.nz/community-law-manual/test/family-civil-legal-aid-for-non-criminal-cases/repaying-legal-aid/>

³⁵ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 3.

³⁶ Inland Revenue (2024), *Repaying my student loan when I earn salary or wages* <https://www.ird.govt.nz/student-loans/living-in-new-zealand-with-a-student-loan/repaying-my-student-loan-when-i-earn-salary-or-wages>

³⁷ Studylink, *Student Loan* <https://www.studylink.govt.nz/products/a-z-products/student-loan/index.html>

³⁸ Inland Revenue (2023), *Eligibility for the Small Business Cashflow Scheme (SBCS)* <https://www.ird.govt.nz/covid-19/business-and-organisations/sbcs/eligibility>

³⁹ Inland Revenue (2023), *Repaying the Small Business Cashflow Scheme (SBCS) loan* <https://www.ird.govt.nz/covid-19/business-and-organisations/sbcs/repay>

⁴⁰ Inland Revenue (2023), *Repaying the Small Business Cashflow Scheme (SBCS) loan* <https://www.ird.govt.nz/covid-19/business-and-organisations/sbcs/repay>

IR also told us that in regard to tax debt, “Customers who do not meet their tax obligations by the due date enter an automated billing cycle.” These customers are sent reminders “to encourage payment of debt or to request engagement with IR to resolve their debt.” However, if customers do not make contact with IR, “proactive debt collection begins,” which “consists of a range of interventions including outbound calling, letters, SMS messages, deductions on wages or bank accounts or a combination of these interventions.” Following this, “as a last resort, the commencement of legal action (e.g., bankruptcy or liquidation) may also be initiated.”⁴¹ From what is discussed further on debt relief measures, it seems that more flexible payment plans are possible if an individual contacts IR and is assessed for hardship.

Kāinga Ora

Debt to KO is effectively created when a customer falls behind on rent; as such, there is no role that KO plays in establishing the debt. Regarding repayment settings, KO told us that these are essentially created on a case by case basis - no standardised settings or thresholds were mentioned:

When a customer falls behind on their rent, we contact them early and work closely with them to develop a plan that will support them as they work through rent-related issues. This includes seeking to understand the underlying causes that led to the debt, their ability to make ongoing rent payments and working with them to agree additional, sustainable payments to reduce their rent arrears amount. We currently determine the rate of repayment based on what is sustainable for the customer, taking into account their available income and other financial commitments. This process has not changed since August 2023.⁴²

From this statement, KO’s approach appears to consider the circumstances of their customers in a holistic way, although more detail on how these are determined would be useful for future work.

Alternatives to debt creation

The debt to government framework recommends that when households are already experiencing serious hardship and require financial assistance from government agencies, non-recoverable alternatives to loans could be considered when appropriate. Our OIA did not specifically ask about non-recoverable alternatives offered by agencies following a hardship assessment, which is a gap that could be filled through a future OIA. However, it is worth noting that MSD and MOJ were the only agencies who noted that they provide (sometimes) non-recoverable forms of assistance - Special Needs Grants in the case of MSD, and protection orders and compulsory mental health treatment order (among others not mentioned) in the case of MOJ. The criteria for eligibility and means of applying for a Special Needs Grant are clearly laid out on Work and Income’s website.⁴³

⁴¹ Inland Revenue, *OIA 25OIA1265 response* (8 October, 2024), p. 2.

⁴² Kāinga Ora, *OIA response* (30 October, 2024), p. 2.

⁴³ Work and Income, *Special Needs Grants* <https://www.workandincome.govt.nz/products/a-z-benefits/special-needs-grant.html>

MFAT and IR offer similar assistance-focused loans to meet needs of varying degrees of urgency and necessity, but did not indicate that they have non-recoverable alternatives for those in severe hardship. MFAT did however state that before offering a consular loan, they will assist individuals in contacting their other support networks including “friends and family, their bank, credit card provider, savings, assets, employer, or insurance company” to facilitate a transfer of funds for hardship relief.⁴⁴

Interest and penalties on unpaid debt

The debt to government framework discusses the suitability of applying interest to the various types of debts that can be owed to government, and makes recommendations for how accrued interest as a debt should itself be treated. It recognises that interest can, and sometimes should, be applied for three reasons:

- To compensate for the lost time value of money on overdue payments to government agencies.
- Fairness to other people who pay debt on time.
- Ensuring there is no behavioural incentive to delay payment.⁴⁵

Given the varying purposes of different kinds of debt and the circumstances of those who hold debt, whether or not these reasons are relevant often comes down to individual situations and what the overall aim of the debt is (ie. recovering government revenue, or alleviating hardship).

Out of the types of debt discussed by agencies within these OIA responses, interest was generally not charged on loans as a penalty, with the exception of those provided by IR (Student Loans and Small Business Cashflow Scheme Loan).

Ministry of Foreign Affairs and Trade

MFAT told us that “interest is not charged on consular loans.”⁴⁶

Kāinga Ora

KO did not tell us whether or not they applied interest to rental arrears.

⁴⁴ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 3.

⁴⁵ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 11. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

⁴⁶ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 2.

Ministry of Justice

In their OIA response, MOJ told us that “Changes were also made to remove the charge of interest on legal aid debt from 1 January 2023.”⁴⁷

IR

IR did not discuss interest directly in their OIA response. However, in Standard Practice Statement 18/04, interest-based penalties are discussed for late payments on tax debt:

When a payment is not made by the date it is due, late payment penalties may be payable and consist of the following components:

- an initial late payment penalty (firstly, a 1% penalty is applied the day after the payment was due, and secondly a 4% penalty is applied 7 days after the payment was due); and
- an incremental late payment penalty of 1% which is applied every month⁴⁸

However, these penalties only apply in specific situations based around when a taxpayer makes contact with IR to notify them of financial hardship and request relief. The following table is provided to demonstrate when these penalties apply:

	1% initial late payment penalty; one-off	4% initial late payment penalty; one-off	1% incremental late payment penalty; monthly
Taxpayer applies for financial relief before due date⁷, and relief is granted	✓ (s 139BA(1))	X (s 139BA(1))	X (s 139BA(2))
Taxpayer applies for financial relief on or after due date, and relief is granted	✓ (s 139B(2)(a)(i))	✓ (s 139B(2)(a)(ii))	X (s 139BA(2))
Taxpayer applies for financial relief at any time, and relief is declined	✓ (s 139BA(6))	✓ (s 139BA(6))	✓ (s 139BA(6))
Instalment arrangement entered into	✓ (s 139BA(1))	X If relief was requested before the due date (s 139BA(1)) ✓ If relief was requested after the due date (s 139B(2)(a)(ii))	X Not applied if the taxpayer complies with the instalment arrangement (s 139BA(4))

⁷ A payment is due on either: the due date, or if the amount has a new due date set under section 142A, then the collection date. Section 142A applies where the Commissioner makes a new or amended assessment of tax and requires that the Commissioner fix a new date for the payment of tax. The new date must be at least 30 days after the new assessment or reassessment is issued.

⁸ As noted above, due date can mean either the date it is due, or if the amount has a new due date set under section 142A, then the collection date.

⁴⁷ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 2.

⁴⁸ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 9. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

Figure 3: Table from Standard Practice Statement 18/04 which shows when various interest penalties apply to late tax payments.⁴⁹

Similarly, while student loans are interest free, section 134 of the Student Loan Scheme Act 2011 outlines how interest is applied to overseas-based borrowers for every day that they are based overseas,⁵⁰ and section 139 outlines how interest is also applied for late payments if the unpaid amount is \$334 or more.⁵¹

Ministry of Social Development

MSD does not enforce penalties on debt except in cases of fraud, but this is only used in a small number of circumstances.⁵²

Policies and processes for debt relief due to hardship

The debt to government framework outlines the ways in which different forms of debt relief should be considered in the case of financial hardship across all types of debt created and managed by government agencies.⁵³ The measures recommended depend on both the type and purpose of the debt, and the way in which they typically impact those experiencing financial and other hardship, with the intent that the government debt does not add to that hardship unless entirely necessary (such as in the case of intentional non-compliance⁵⁴). This section outlines how the agencies included in our OIA described their debt relief measures, and means of assessing financial hardship.

Writing off debt and other relief measures

Debt write-off is a key tool recommended by the debt to government framework to provide relief for financial hardship. The framework highlights this as an appropriate response for several types of debt in some instances, including Crown revenue, overpayment of government support, loans for services

⁴⁹ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 9. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

⁵⁰ Student Loan Scheme Act 2011, section 134
<https://www.legislation.govt.nz/act/public/2011/0062/latest/whole.html#DLM3818801>

⁵¹ Student Loan Scheme Act 2011, section 139
<https://www.legislation.govt.nz/act/public/2011/0062/latest/whole.html#DLM3885565>

⁵² Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 8. Included in OIA response.

⁵³ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

⁵⁴ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 13. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

provided by the Crown, and interest accrued on unpaid debt.⁵⁵ Most of the agencies included in this OIA hold provisions for debt write-off in cases of financial hardship. Processes for agencies to write off debt are dictated to varying degrees by legislative and policy mechanisms, and sometimes a combination of the two. While there are similarities across agencies, the OIA responses demonstrate that all agencies are obligated to manage debt according to their own governing legislation and associated policies, and subsequently there is no standard approach.

Ministry of Social Development

MSD has the most complex set of regulations governing debt write-off. As described in the report excerpt accompanying their OIA response, MSD's debt recovery obligations are outlined in the Social Security Act 2018, which "imposes a legislative duty on MSD to take all reasonably practicable steps to recover debt and empowers MSD to recover debts to the Crown."⁵⁶ This act provides the capacity for exceptions to this duty to be outlined in both the associated Social Security Regulations 2018 and Ministerial Directions. These currently include:

- If the debt was caused by error;
- If exceptions are provided for in the Social Security Regulations 2018;
- If the debt is uneconomic to recover;
- If the Ministers of Finance and Social Development and Employment have agreed to exceptions for public finance reasons.⁵⁷

Debt write-off due to system error will be covered below.

A set of exceptions have been authorised by the Ministers of Finance and Social Development and Employment, with the authority to write off debts under such circumstances delegated to the Chief Executive of MSD. These include:

- The proceeds of the sale of assets seized by Court order are paid to the Crown;
- The debt or identity of the debtor cannot be proven;
- The debtor is insolvent;
- The agent is insolvent;
- The debtor is deceased;
- The debt is due to foreign exchange balances (due to agreement of payment amount in foreign currency and fluctuations of exchange rates);
- All economic avenues of collection have been exhausted and the debt is \$50 or less;

⁵⁵ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 15. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

⁵⁶ Regulation 206 of the Social Security Regulations, as cited in Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 7. Included in OIA response.

⁵⁷ Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 8. Included in OIA response.

- The debt cannot be recovered due to estoppel in accordance with the Property Act 2007 (this is in relation to student debt);
- The debtor is a participant in a Witness Protection or Relocation Programme;
- The debt cannot be proven to the Court's satisfaction; or
- The debt established cannot be recovered in accordance with debts caused wholly or partly by errors to which debtors did not intentionally contribute (regulation 208 of the Social Security Regulations).⁵⁸

Debt being written off due to insolvency is one instance of hardship-related write-off. However, relief measures could exist prior to insolvency processes. FinCap recognises that while insolvency can be a very important tool for helping people resolve financial hardship, currently, insolvency also risks ongoing financial exclusion. This appears to be the only situation in which debt can be written off due to hardship by MSD - guidance that they provided to us demonstrated that the main way to determine whether debt can be written off relies on whether or not it was established wholly or in part through error.⁵⁹

MSD defines debt that is uneconomic to recover to be when the cost of recovery outweighs the expected return of debt. MSD has a specific threshold for this, established in 2015, as \$50, based on analysis that showed the average cost of collection to be \$59.80 per debt. Debts of higher amounts can also be assessed for appropriateness of recovery if they meet other thresholds:

- The debt is less than \$200 and there have been no repayments during the previous six months;
- The debt is less than \$1000 and there have been no repayments during the previous 12 months;
- The debt is less than \$2000 and there have been no repayments during the last 2 years;
- The debt is more than \$2000 but less than \$20,000 and there has been no ability to gain repayment or communicate with the debtor for at least six years.⁶⁰

However, debt written off under these grounds can actually be reactivated if the client accesses social security again, including superannuation, as this is deemed to signify that recovery is now possible again.⁶¹ This reflects MSD's duty to recover debt.⁶²

⁵⁸ Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 9. Included in OIA response.

⁵⁹ Work and Income, *Process for debt write-off flowchart*
<https://www.workandincome.govt.nz/map/income-support/core-policy/current-client-debt/process-for-debt-write-off-flowchart-01.html>

⁶⁰ Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), pp. 9-10. Included in OIA response.

⁶¹ Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 10. Included in OIA response.

⁶² Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 10. Included in OIA response.

These thresholds employ somewhat arbitrary settings which are based on the amount of effort required to extract repayments from an individual who is either unable to pay, or is avoiding payment, for whatever reason. While the purpose of assessing whether debt is uneconomic to recover does not necessarily have to take hardship into consideration, this write-off method may be functioning as a de facto method of determining whether or not an individual who previously received income support is able to pay their debt. The provided report excerpt states that MSD has discretion over the rate and method of debt recovery, including the option to defer and suspend recovery, and that these can be amended according to the changing circumstances that clients face.⁶³ As discussed above, a form of hardship assessment, provided within the 2014 Ministerial Directions is employed to make this decision.⁶⁴

However, there was no mention within the material given to us of how MSD's means for assessing financial hardship were deployed in assessing requests for financial relief due to hardship, and what kind of outcomes or options for financial relief might be available for various situations. This is especially indicated by the capacity that MSD has to re-establish debt when clients renew their access to income support, which would possibly indicate continued financial hardship.

The Social Security Act permits changes to debt write-off settings, but no changes have been made since 2014. When making new regulations for debt write-off methods, or amending existing ones, the Minister for Social Development and Employment must be satisfied that the changes are likely to:

- Prevent accumulation of debt by any category of beneficiary and assist those beneficiaries to reduce their levels of debt while on a benefit;
- Assist any category of beneficiary to move from dependence on a benefit to self-support through employment by ensuring that those beneficiaries do not face increasing benefit debt repayments when they enter the workforce;
- Provide a positive incentive for beneficiaries to enter employment or stay in employment; or
- Achieve more than one of these objectives.⁶⁵

These requirements appear to positively address the creation of unnecessary debt, and incentivise positive behavioural outcomes through ensuring that beneficiaries are not worse off, due to increased repayments, when they move into employment and their income increases. Such considerations are in line with the debt to government framework.

⁶³ Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 8. Included in OIA response.

⁶⁴ Work and Income (2014), *Ministerial Direction on Debt Recovery - Clause 4 rate and method of recovery* <https://www.workandincome.govt.nz/map/legislation/ministerial-directions/debt-recovery-direction/clause-4-rate-and-method-of-recovery.html>

⁶⁵ Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 10. Included in OIA response.

Ministry of Justice

MOJ told us that “If a participant believes they meet the criteria under financial hardship or, under just and equitable grounds, they can apply for a write off under serious financial hardship grounds and/or just and equitable ground.”⁶⁶ Under the Legal Services Act 2011, The Legal Services Commissioner at MOJ can decide not to recover debt, or write off amounts payable, if:

- The enforcement of the debt would cause serious hardship to the aided person;
- the cost to the LSC of enforcing the debt is likely to exceed the amount of the debt that is likely to be repaid;
- the LSC considers that it would be just and equitable not to recover the debt.⁶⁷

MOJ outlined the factors assessed when considering a write off on the grounds of hardship, which are discussed below with other hardship assessments.

MOJ also stated that they can offer debt relief through extending the time an applicant has to pay off their debt (ie. changing the rate of debt recovery), either through deferring payment or creating alternative time to pay arrangements. An indication of hardship assessment is also applied here, as “consideration will be given to how much the participant can afford to pay, and the timeframe it would take for them to pay off the debt.” In such instances, the debt amount is still “ideally paid off as soon as possible, and preferably within 5-7 years as outlined in section 34 of the Legal Services Act 2011.”⁶⁸

Inland Revenue

IR told us that their “debt relief measures are guided by [...] standard practice statements. These statements guide the way in which Inland Revenue approaches a range of debt relief provisions available to the Commissioner on a case-by-case basis.”⁶⁹ These Standard Practice Statements are operational guidance for principles laid down in relevant Acts.

The first of these discussed, Standard Practice Statement 18/04, sets out the parameters for the Commissioner of Inland Revenue when considering options for removing or deferring the obligation to pay tax, interest, and/or penalties under the Tax Administration Act 1994 (the Act).⁷⁰ Section 176 of the Act allows the Commissioner to not recover outstanding amounts if it would place a person in serious hardship. This standard practice statement excludes child support or student loan obligations.

Standard Practice Statement 18/04 states that while “Taxpayers are required to pay their tax in full and on time” and may be charged interest on unpaid taxes as a penalty and compensation for the Commissioner, “In certain situations [...] the Commissioner may be able to provide assistance to

⁶⁶ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 3.

⁶⁷ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 2.

⁶⁸ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 4.

⁶⁹ Inland Revenue, *OIA 25OIA1265 response* (8 October, 2024), p. 2.

⁷⁰ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 3. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

taxpayers if they are not able to pay on time, or if the imposition of penalties and/or interest is not appropriate.”⁷¹ This can take the form of a write-off or payment through an installment arrangement, rather than immediate payment. Taxpayers can apply for relief, but it is not a right, and discretion over relief rests with the Commissioner who may also choose to either wait for what they see as the right time to apply relief, and use a combination of the options available, depending on the circumstances of the taxpayer.⁷²

Various grounds for relief have different options available, under different sections of the Tax Administrative Act 1994. Many of these appear to be aligned with the debt to government framework’s recommended treatment for Crown revenue debt.⁷³ These are summarised below in a table from Standard Practice Statement 18/04:

⁷¹ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 3. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

⁷² Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 3. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

⁷³ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 9. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

Grounds for relief	Obligation that can be subject to relief	Form of relief	Relevant factors (discussed in paragraph 82)	Legislative authority (sections of the Act)
Financial relief – unable to make immediate payment	Tax, interest and/or penalties	Instalment arrangement (delayed payment)	A – I (all)	Sections 177, 177A, 177B
Financial relief – serious hardship	Tax, interest and/or penalties	Write-off (no payment required)	A – I (all)	Sections 177, 177A, 177C
Unrecoverable amount	Tax, interest and/or penalties	Write-off (no payment required)	A – F	Section 177C(1)
Inefficient use of Commissioner's resources	Tax, interest and/or penalties	Write-off (no payment required)	A – E, G, H	Section 176
Bankruptcy, liquidation or the distribution of an estate	Tax, interest and/or penalties	Write-off (no payment required)	None – no discretion	Section 177C(2) and (4)
Small amounts of refunds or tax payable	Tax, interest and/or penalties	Write-off (no payment required)	C – E	Section 174AA
Event/circumstance beyond the taxpayer's control	Penalties	Remission (no payment required)	C, E - H	Section 183A
Declared emergency event	Interest	Remission (no payment required)	C, E, F	Section 183ABA
Promote compliance and collect the highest net revenue	Penalties and/or interest	Remission (no payment required)	C, E – I	Section 183D

Figure 4: A table from Standard Practice Statement 18/04 showing grounds and targets for relief, methods of providing relief, and what sections of the Tax Administrative Act 1994 give IR legislative authority to provide relief.⁷⁴

⁷⁴ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 5. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

Once a taxpayer has made a request for financial relief due to hardship, the Commissioner must follow a 2-step process to determine whether relief should be offered. The first step is to ask “Is there serious hardship?”,⁷⁵ where serious hardship is defined in the Act as:

- (a) the taxpayer or their dependant has a serious illness:
- (b) the taxpayer would likely be unable to meet—
 - (i) minimum living expenses estimated according to normal community standards of cost and quality:
 - (ii) the cost of medical treatment for an illness or injury of the taxpayer, or of their dependant:
 - (iii) the cost of education for their dependant:
- (c) other factors that the Commissioner thinks relevant would likely arise.⁷⁶

If the answer to this test is yes, then the second step can be undertaken. If the answer is no, then relief on the grounds of hardship cannot be offered, however relief on different grounds as provided in Figure 3 above may be considered.⁷⁷

The second step is to ask “What relief, if any, should be granted?” At this stage,

The options are to write off the outstanding debt (in full or in part), or allow the debt to remain and take steps to bankrupt the taxpayer. At step 2, the Commissioner will have regard to how the debt originally arose, and the person’s compliance with tax obligations as that is clearly material to whether the Commissioner should grant relief.⁷⁸

To do so, relevant factors must be considered; these are laid out later in Standard Practice Statement 18/04, but referenced in column 4 of Figure 4 above:

- A) Taxpayer’s financial position
- B) Options available to Commissioner
- C) Integrity of the tax system
- D) Resources available to the Commissioner
- E) Importance of promoting compliance
- F) Taxpayer’s reasons for failure to pay
- G) Taxpayer’s compliance history
- H) The taxpayer’s co-operation

⁷⁵ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 7. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

⁷⁶ Tax Administration Act 1994, section 177A(2) <https://www.legislation.govt.nz/act/public/1994/0166/latest/DLM358350.html>

⁷⁷ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 8. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

⁷⁸ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 8. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

I) Steps taken to avoid similar situation in the future⁷⁹

This is the basic overview of how tax debt relief measures are assessed by IR. Standard Practice Statement 18/04 is a detailed and complex document, and all of the different mechanisms and considerations here are expanded upon in-depth.

Additionally, Standard Practice Statement 20/05 sets out relief options relating to student loans. IR's OIA response stated that "While temporary relief or reduced payments may be granted, the Student Loan Scheme Act does not allow IR to write-off a student loan balance, other than late payment interest."⁸⁰

Standard Practice Statement 20/05 states that a request for financial relief of student loan debt "will be considered based on a borrower's current or future ability to meet their student loan repayment obligation. In considering a request, the Commissioner will look at all options available to a borrower to enable them to meet their loan repayment obligations."⁸¹ Options available to the Commissioner include:

- refrain from issuing a notice of assessment, and may write off a student loan repayment obligation not more than \$20;
- refrain from the collection of any student loan repayment obligation payable that is more than \$20 but less than \$334 (excluding late payment interest);
- reduce any amount that must be paid by a borrower for the current tax year, or the next tax year;
- reduce a repayment obligation for a previous tax year (the amount not collected is capitalised and will remain on their loan);
- agree to an instalment arrangement to repay an unpaid amount;
- refund any amount paid for the previous or current tax year;
- cancel some or all the late payment interest if it would be equitable to do so.⁸²

Standard Practice Statement 20/05 expands on all of these options and criteria that affect them. It is also worth noting that this Statement outlines that under serious financial hardship, the Commissioner may:

- refund any amount that was paid that is considered more than a borrower can afford to pay without causing hardship; and/or

⁷⁹ Inland Revenue (2018), *Standard Practice Statement 18/04*, pp. 23-24. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

⁸⁰ Inland Revenue, *OIA 25OIA1265 response* (8 October, 2024), p. 2.

⁸¹ Inland Revenue (2020), *Standard Practice Statement 20/05*, p. 3. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps-20-05.pdf?modified=20211126015641&modified=20211126015641>

⁸² Inland Revenue (2020), *Standard Practice Statement 20/05*, p. 3. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps-20-05.pdf?modified=20211126015641&modified=20211126015641>

- adjust the repayment obligation amount to what the borrower can afford without causing serious hardship.⁸³

The first option appears to be unique to student loans, as no other agency discussed refunds of debt repayments based on hardship. This is an option that could be considered by other agencies.

Ministry of Foreign Affairs and Trade

MFAT told us that their capacity for writing off consular loans followed the Treasury guidelines for the Management of Crown assets.⁸⁴ This means that they can “only consider writing off a consular loan if all avenues for recovery of the debt have been exhausted or the expected costs of recovering the debt outweigh the expected return.”⁸⁵ The other option that MFAT has in cases of hardship is “negotiating alternative arrangements for repayment, such as extending the duration of the loan.”⁸⁶ As will be discussed below, however, the process that MFAT uses to assess hardship in order to activate these measures involves a debt collection agency, and not the Ministry itself.

Kāinga Ora

KO stated that “As a social housing landlord,” it is not their role “to determine if a customer is in financial hardship” when owing rental arrears debt. They added that when they “become aware that a customer needs additional support, we refer them to other agencies and support services who can support them.”⁸⁷ Debt can be adjusted in a limited number of circumstances, “such as the death of a sole tenant, or in the case of bankruptcy or No Asset Procedure. In other situations, if a former tenant has debt to Kāinga Ora, this can be recovered but is written off after seven years.”⁸⁸

As such, it appears there is very little in place at KO itself that specifically helps customers manage their debt, including the adjustment of settings, when they experience financial hardship. It is good to see that referrals to financial support services are made, however if more assistance was provided by KO before a referral was necessary, it might prevent avoidable strain on financial mentors' capacity.

Assessing whether a client is in financial hardship in order to provide debt relief

As can be seen above, assessing whether or not an individual is experiencing financial hardship is the key step that allows an agency to justify writing off debt, or provide other ways of reducing the demand of

⁸³ Inland Revenue (2020), *Standard Practice Statement 20/05*, pp. 6-7. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps-20-05.pdf?modified=20211126015641&modified=20211126015641>

⁸⁴ The Treasury (2024), *Treasury Instructions 2024*, p. 83 www.treasury.govt.nz/publications/instructions/treasury-instructions-2024

⁸⁵ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 2.

⁸⁶ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 2.

⁸⁷ Kāinga Ora, *OIA response* (30 October, 2024), p. 1.

⁸⁸ Kāinga Ora, *OIA response* (30 October, 2024), p. 1.

debt repayment. In discussing the person-centred approach to managing debt, the debt to government framework recommends that agencies should undertake comprehensive hardship assessments for individuals. These assessments

should include taking into account other debts that might already exist, which might require considering whether to enter into information sharing agreements with other agencies. It should also involve careful consideration of all relevant information a department holds for the individual, such as debts relating to other products or services.⁸⁹

The guidance on hardship assessments, and actual processes and practices involved, vary immensely between agencies. There is no evidence of a holistic, comprehensive hardship assessment being undertaken by any agency, at least to the extent that this process was described in any response to the OIA.

Ministry of Justice

MOJ stated that:

When considering a write off on the grounds of hardship, consideration is given to the following:

- The aided person's ability to meet minimum living expenses according to normal community standards;
- the cost of medical treatment of an illness or injury of the aided person or their dependent;
- a serious illness suffered by the aided person or their dependent.⁹⁰

This consideration forms a hardship assessment, however not one that is as comprehensive as recommended by the debt to government framework.

Ministry Social Development

The only information provided to us by MSD on how they assess for hardship was with their means of devising rates and methods of debt recovery provided in a Ministerial Direction from 2014 (as discussed above in the section 'Assessing hardship when establishing debt and repayment settings').⁹¹ It is not entirely clear how or when this is deployed in the process of providing relief for hardship after a debt has been established.

⁸⁹ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 14. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

⁹⁰ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 2.

⁹¹ Work and Income (2014), *Ministerial Direction on Debt Recovery - Clause 4 rate and method of recovery* <https://www.workandincome.govt.nz/map/legislation/ministerial-directions/debt-recovery-direction/clause-4-rate-and-method-of-recovery.html>

Inland Revenue

As described above, for financial relief of tax debt due to serious hardship, IR undertakes a test of hardship as defined in the Tax Administration Act 177A(2),⁹² using the following criteria:

- (a) the taxpayer or their dependant has a serious illness:
- (b) the taxpayer would likely be unable to meet—
 - (i) minimum living expenses estimated according to normal community standards of cost and quality:
 - (ii) the cost of medical treatment for an illness or injury of the taxpayer, or of their dependant:
 - (iii) the cost of education for their dependant:
- (c) other factors that the Commissioner thinks relevant would likely arise.⁹³

Serious hardship in the case of student loan debt relief is also assessed using the same test.⁹⁴

Ministry of Foreign Affairs and Trade

MFAT does not undertake any financial hardship assessment, but rather will engage debt collection agencies if debtors are struggling to repay consular loans. The debt collection agency will then undertake an assessment of the debtor's ability to repay the loan, and if it is "satisfied with the evidence that the debtor is unable to repay the debt without incurring financial hardship, it will share that information with the Ministry."⁹⁵ This is a concerning approach on the grounds of transparency, as the means of hardship assessment employed by a debt collection agency is unclear and not as publicly accessible as that which would be undertaken by a government agency. FinCap is also prioritising work towards stronger requirements for fair collection of private debt and has noted many examples of concerning conduct from debt collectors. There was no discussion in the OIA response about what specific debt collection agencies were engaged.

Kāinga Ora

As stated above, KO told us that they do not perform hardship assessments for customers with rent arrears debt who are struggling to pay.⁹⁶

⁹² Inland Revenue (2018), *Standard Practice Statement 18/04*, pp. 7-8. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

⁹³ Tax Administration Act 1994, section 177A(2) <https://www.legislation.govt.nz/act/public/1994/0166/latest/DLM358350.html>

⁹⁴ Inland Revenue (2020), *Standard Practice Statement 20/05*, p. 7. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps-20-05.pdf?modified=20211126015641&modified=20211126015641>

⁹⁵ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), p. 2.

⁹⁶ Kāinga Ora, *OIA response* (30 October, 2024), p. 1.

Writing off debt that was created through agency error

The creation of personal debt through staff or system error is largely only an issue that affects MSD and IR.⁹⁷ This is due to the fact that a large portion of MSD's debt creation is through overpayment of benefits, some of which occurs by staff error, and likewise with IR and tax that has been charged incorrectly.

Ministry of Social Development

MSD said that they follow a test to determine if an overpayment was created through system error, late notice of change in client circumstances, or intentional non-compliance. When an overpayment is established, it is checked against the test criteria, and if these criteria are met, the debt will be considered an error and written off. This test is outlined under regulation 208 of the Social Security Regulations 2018 (SSR), and was provided to us in a report excerpt as part of the OIA response:

Social Security Regulations provide for new debts, including recoverable assistance and overpayment debts, to be tested to determine if that debt was created by MSD error to establish whether it should be recovered.

Debt caused by MSD error must meet all of the following five criteria to be considered non-recoverable:

- The debt is a result of an error by MSD;
- The client did not intentionally contribute to the error - i.e., whether the client intentionally or deliberately took some action, or failed to take an action, or delayed action which resulted in an overpayment;
- The client changed their position - i.e., when a client makes different financial decisions with the overpayment received than they would have without that additional money;
- The client received the money in good faith - i.e., the client received the money without any knowledge of their lack of entitlement to it; and
- It would be inequitable to recover the debt - this requires full consideration of their current circumstances, including their financial position, whether they have the resources to repay the debt, and the degree of any error made by Work and Income.⁹⁸

⁹⁷ MFAT stated that "To date [debt created through staff error] has not been applicable to consular loans," (Ministry of Foreign Affairs and Trade, *OIA 29658 response*, p. 2), and MOJ stated that repayment errors for legal aid debt would result in a repayment amount being recalculated and any debt established in error written off (Ministry of Justice, *OIA 115546 response*, p. 2).

⁹⁸ Ministry of Social Development (n.d.), excerpt from *Debt to Government: Comparing approaches to writing off income support payment debt* (REP/22/6/553), p. 8. Included in OIA response.

These criteria are expanded upon on MSD's website.⁹⁹ Of note are how the criteria of intentional contribution and the client changing their position are assessed. The guidance for establishing intentional contribution states:

Intent can be difficult to decide. You need to determine whether the client deliberately or intentionally took some action, failed to take some action or delayed a course of action which resulted in an overpayment. For example:

- the client entered into a marriage or civil union type relationship and did not inform Work and Income knowing that they had an obligation to do so
- the client started work and didn't advise Work and Income for 2 weeks knowing that their earnings may affect their entitlement to benefit

Note the benefit of the doubt must always be given to the client.¹⁰⁰

In this regard, much of the discernment of intent comes down to assessing the knowledge and truthfulness of the client, which is essentially the same question as receiving the money in good faith. Similarly, the guidance for assessing a change of position comes down to both discerning whether or not a client knew about their lack of entitlement to the overpayment, and exploring whether or not they made exceptional purchases:

It needs to be established that the client has made a different decision to that which they would otherwise have made based on the genuine belief that they were entitled to the payment they received.

The change in position may be subtle and therefore not immediately obvious.

When determining whether a change in position has occurred, the focus needs to be on actions and decisions beyond simply using the payment for daily living expenses.

Where the money from the payment is still in the client's bank account it generally cannot be said they have changed their position, unless for example, the client has entered into commitments on the basis of having that money.

Where the client has spent the money knowing that they were not entitled to it, we should take recovery action.¹⁰¹

⁹⁹ Work and Income (n.d.), *Process for debt write-off decision*, <https://www.workandincome.govt.nz/map/income-support/core-policy/current-client-debt/process-for-debt-write-off-decision-01.html>

¹⁰⁰ Work and Income (n.d.), *Did not intentionally contribute*, <https://www.workandincome.govt.nz/map/income-support/core-policy/current-client-debt/did-not-intentionally-contribute-01.html>

¹⁰¹ Work and Income (n.d.), *Changed their position*, <https://www.workandincome.govt.nz/map/income-support/core-policy/current-client-debt/changed-their-position-01.html>

The consideration of whether or not it would be inequitable to recover the debt is a good indication that some hardship assessment takes place, although this process for this context is not expanded upon in detail in any of the sources provided to us. It still follows, though, that all other conditions of the debt write off due to system error could be met, however if it is deemed that the client's finances can withstand the recovery of the debt, this will occur. FinCap also notes that it receives regular reports from financial mentors of MSD processes not being followed consistently and this can extend into issues like these errors.

MSD noted that "overpayment debt also occurs when the Ministry receives late notice of a change in client circumstances. This is not considered as intentional non-compliance or an error debt."¹⁰² This debt, therefore, is not held to the same considerations as are discussed here, and presumably can only be written off under the broader debt write-off settings that MSD uses. Financial mentors have told FinCap of many examples about debts arising in this way despite debtors' best efforts to avoid overpayment debt.

Inland Revenue

Paragraph 7 of Standard Practice Statement 18/04 states that "Where amounts [of tax, penalty or interest] were incorrectly charged (for example, resulting from an error by Inland Revenue), they will be reversed rather than remitted or written off."¹⁰³

Policy addressing the role that family harm can have in creating debt to government

A key component of the debt to government framework's recommendations around hardship assessment involved asking:

Is the debt caused by a partner, ex-partner, family member or caregiver who has coercive control over the person's finances? Is the person able to make independent and autonomous decisions about their finances? Is the debt adding to entrapment for someone experiencing family violence or abuse?¹⁰⁴

To this end, our OIA asked agencies whether or not they had developed, or planned to develop, training for staff to recognise and respond to client cases of family harm, and if there were processes or planned processes to limit clients having to repeatedly disclose experiences of family harm and circumstances surrounding those experiences.

¹⁰² Ministry of Social Development, *OIA response* (17 October 2024), p. 2.

¹⁰³ Inland Revenue (2018), *Standard Practice Statement 18/04*, p. 4. <https://www.taxtechnical.ird.govt.nz/-/media/project/ir/tt/pdfs/standard-practice-statements/returns-and-debt-collection/sps18-04.pdf?la=en>

¹⁰⁴ Inland Revenue (2023), *A framework for debt to government: Guidelines for agencies managing personal debt owed to government*, p. 15. <https://www.ird.govt.nz/-/media/project/ir/home/documents/about-us/publications/policy-framework-for-debt-to-government.pdf?modified=20230822225535&modified=20230822225535>

All agencies stated that they had training or guidance in place to recognise and deal with clients who disclosed family harm. There were varied responses, however, to the question about limiting requirements for clients to repeatedly disclose family harm. MFAT, MSD and IR all stated that they had processes in place to reduce the need for repeated disclosure of family harm,¹⁰⁵ while MOJ and KO said that they have no such processes in place or plans for them.¹⁰⁶

A gap in our OIA approach was asking, specifically, if family harm considerations were taken into hardship assessments surrounding debt. The capacity to sensitively and appropriately deal with clients who are experiencing family harm is very important, however it is also important that agencies have policy in place to assess if family harm is playing a role in the accumulation of any debt, or financial hardship limiting repayment of debt.

¹⁰⁵ Ministry of Foreign Affairs and Trade, *OIA 29658 response* (7 October, 2024), pp. 3-4; Ministry of Social Development, *OIA response* (17 October 2024), p. 2; Inland Revenue, *OIA 25OIA1265 response* (8 October, 2024), pp. 2-3.

¹⁰⁶ Ministry of Justice, *OIA 115546 response* (4 October 2024), p. 4; Kāinga Ora, *OIA response* (30 October, 2024), p. 2.

Appendix 1: OIA draft template

Kia ora,

The content of this Official Information Request relates to the policy framework for debt to government document titled: *A framework for debt to government: guidelines for agencies managing personal debt owed to government*.

Please supply the following information:

What progress has been made since August 2023 to improve internal policies and processes in line with the debt to government framework at [agency]?

What are the current processes for writing-off a debt owed to [agency] in the case of the debtor being in financial hardship?

How does [agency] assess whether a client is in financial hardship when considering writing off a loan?

What are the processes for writing off a debt owed to [agency] in the case of an error caused wholly or in part by [agency] staff?

How does [agency] practice the principles of the debt to government framework, of minimising hardship, fairness, consistency with Treaty obligations, accounting for behavioral responses, public value and transparency, when creating and collecting debts owed to [agency]?

What process does [agency] use for distinguishing between an overpayment debt that is created due to intentional non-compliance versus an error on either the client's or [agency]'s behalf?

What process do [agency] staff use to determine the rate and method for debt recovery and has this process changed since August 2023?

The below questions relate to the purpose-centred approach section of the debt to government framework:

Has [agency] introduced, or does it plan to develop, training for staff to recognise and respond to client cases of family violence?

Have there or are there plans to introduce processes to limit clients having to repeatedly disclose their circumstances and experience of family violence?

[For MSD, we also asked the following questions:]

1. What consideration was given to the debt to government framework throughout the development of the Traffic Light System and the introduction of sanctions?
2. What advice did the Minister receive about recovering debts owed to MSD when developing the Traffic Light System and the introduction of sanctions?
3. What advice did the Minister receive about recovering the emergency housing contribution?
4. Was there any consideration of the debt to government framework while developing the Emergency Housing Grants Programme?

If you need any more information from me please let me know as soon as possible.

Briefing note

Reference: BN2025/184

Date: 22 April 2025

To: Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Helen Kuy
Revenue Advisor, Minister of Finance – Emma Grigg

From: Murray Shadbolt

Subject: **FamilyBoost numbers**

Purpose of note

1. This note summarises key FamilyBoost numbers, following media enquiries into how many people are receiving FamilyBoost. In particular, a query asking how many people received the full \$975 a quarter compared to original forecasts.
2. A number of written Parliamentary Questions have been asked on a regular basis tracking FamilyBoost numbers. These are publicly available and currently up to 2 April 2025. The numbers vary depending on the date the questions were asked and answered. The numbers are detailed and cover registrations, applications, payments and distributions by income bands. Not all families who register apply, not all applications are approved and paid.
3. The Minister of Revenue is currently considering further responses to written parliamentary questions with data up to 16 April 2025. You also recently received a briefing note on FamilyBoost regional data which also refers to original forecasts [BN2025/159 refers].

Numbers receiving FamilyBoost

4. The table below sets out the numbers receiving Family Boost as at 16 April 2025. Numbers are at this point in time and can change daily.

	Jul-Sept 2024 (Q3 24)	Oct to Dec 2024 (Q4 24)	Jan to March 2025* (Q1 25)	Total year to date
Households Paid	45,928	43,054	34,367	56,433
Amount paid	\$17,251,540	\$15,370,897	\$12,956,895	\$45,579,332
Households paid full \$975	1,634 in this quarter	1,181 in this quarter	1,096 in this quarter	304 across all three quarters

* Applications for this quarter opened 1 April. To date, 5,434 claims are still being assessed.

5. Households may apply for one or more quarters and might not put in an approved claim in every quarter. Across all three quarters to date there have been 56,433 unique households paid, with 304 households receiving the full \$975 payment in each and every quarter.
6. Some applications have been declined. Up to and including 16 April 2025, Inland Revenue have declined 3,739 claims for the latest quarter (Q1 2025). Since FamilyBoost began, 25,331 claims have been declined.
7. Overall, around 70% of claims were declined were due to income being over the quarterly threshold. The remainder were declined for a range of reasons including issues related to the invoice or due to an income return not being filed. As people become more familiar with the process, fewer are declined due to issues with invoices, and high income becomes a higher percentage of declines.

Original forecasts

8. Leading up to March 2024, Inland Revenue made forecasts of the numbers of families who were expected to receive FamilyBoost over the first fiscal year, based on what limited information Inland Revenue was able to obtain at the time.
9. Inland Revenue forecast that about 100,000 families (consisting of around 140,000 children) would be eligible to be paid FamilyBoost over the year.
 - This does not mean 100,000 families would be eligible in each quarter as circumstances can change over time. Some families who may qualify and be paid in one quarter may not qualify in another. Change in circumstances can include fluctuations in household income within the year and number and age of children.
 - People have up to four years to put in a claim for a FamilyBoost payment. Some self-employed people may wish to determine their annual income fully before making a claim, or decide to put in claims for several quarters in one go.
 - Some families will have children that start early childhood education part way through the year, or leave part way through the year, meaning they do not have children enrolled in every quarter of the fiscal year.
10. Inland Revenue also forecast that 21,000 families would likely have fees for a quarter over \$3,900 (approximately \$300 a week) and an annual household income of less than \$140,000. They would qualify for the full \$975 per quarter assuming their income was earned uniformly throughout the year.
 - If household income is above \$35,000 a quarter, the maximum amount they can claim is abated down until it reaches zero at \$45,000 a quarter, meaning they can never receive the full \$975 a quarter.
 - People can only receive the full \$975 if they submit claims for at least \$3,900 a quarter, so some families who have high weekly fees but only enrol near the end of a quarter would also not receive the full amount.
11. The forecast appropriation for FamilyBoost in Budget 2024 was:

Vote Revenue Minister of Revenue	\$ million increase / (decrease)				
	2023/24	2024/25	2025/26	2026/27	2027/28 & Outyears
FamilyBoost	-	174.000	171.000	167.000	165.000

*The amount declines in outyears to reflect wage growth pushing more families about the income thresholds.

Why do the forecast appear to be incorrect?

12. The degree to which the forecasts were incorrect is yet to be established as a full year of claims has not yet occurred. There will be some seasonality with lagged claims awaiting certainty of family incomes before entitlement can be calculated. Annual incomes (for self-employed) are for the tax year to end of March and are due to be filed by early July, or later if they have a tax agent. An added factor is that people have up to four years to make their claims.
13. All forecasts have a degree of uncertainty. The key missing information for FamilyBoost was use of early childhood education broken down by distribution of family income, together with how much families actually pay in early childhood education fees after other subsidies have been taken into account. Moreover, how many eligible families were likely to take-up FamilyBoost payments was also unknown.
14. As the main purpose of the forecasts was to set the initial appropriation funding, Inland Revenue assumed a 100% take-up rate. Revised take-up assumptions would be reviewed after the scheme had been in place long enough to settle into a regular seasonal pattern and actual application numbers across quarters could be considered. It is possible that some families who would only receive a small amount of FamilyBoost decide not to apply. They would qualify for a small amount if, for example, their remaining unsubsidised fees were very low, or their income was close to \$45,000 a quarter with FamilyBoost mostly abated away.

Consultation

15. The Treasury and the Ministry of Education were not informed about this briefing note.

Next Steps

16. Because of uncertainties over timing of applications, forecasts of FamilyBoost spending have been left unchanged for Budget 2025 but will be updated for HYEPU 2025 once the seasonal pattern of applications is better understood. Some seasonality is anticipated because eligibility requires knowledge of family incomes which for some people are established annually, particularly for the self-employed.
17. The FamilyBoost marketing and outreach campaign continues through to June 2025. This includes marketing in some targeted regions where applications seem lower than expected. Inland Revenue will continue to advertise to families between July 2025 and June 2026, with activity boosted at the start of each quarter to encourage claims for the previous quarter.
18. Continuing to investigate policy and delivery improvements to FamilyBoost is on the Tax and Social Policy Work Programme on the Inland Revenue website.¹ A report will be prepared after work on Budget priorities concludes looking at a range of possible areas including:

s 9(2)(f)(iv)



¹ [Government Tax and Social Policy work programme 2024/25](#)

19. Inland Revenue will also be supporting the Ministerial Advisory Group to be set up after Budget to consider the wider government funding of early childhood education. The terms of reference for the review has not been publicly announced as yet. Potential changes to how other education subsidies are paid and the level of subsidy will have flow-on implications for FamilyBoost, as FamilyBoost is based on remaining fees after other subsidies have been taken into account.

s 9(2)(f)(iv)



Murray Shadbolt
Principal Policy Advisor

s 9(2)(a)





Inland Revenue
Te Tari Taake

Policy
Taukaea

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New Zealand

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Briefing note

Reference: BN2025/182

Date: 23 April 2025

To: Revenue Advisor, Minister of Finance – Emma Grigg
Revenue Advisor, Minister of Revenue – Angela Graham

From: Pamela Law

Subject: **Information ahead of Joint Ministers' Meeting on 24 April**

Purpose

1. This briefing note updates you on the Budget 2025 initiatives for the Revenue Portfolio ahead of the Joint Ministers' meeting on 24 April.
2. The information pack includes the Budget 2025 Proposed Communications schedule.
3. For your information, the draft LEG Cabinet paper and an early draft of the Taxation (Budget Measures) Bill will be provided to you on 28 April.

Consultation with the Treasury

4. The Treasury was informed about this briefing note.

Pamela Law

Principal Policy Advisor

s 9(2)(a)



Agenda for Joint Ministers meeting 24 April 2025

Attendees

Hon Nicola Willis

Minister of Finance

Hon Simon Watts

Minister of Revenue

Hon Scott Simpson

Minister of Commerce and
Consumer Affairs (item 1
only)

The Treasury

Tim Hampton, Director,
Economic System
Directorate

Shane Domican, Acting
Manager, Tax Strategy

Disee Anorpong, Manager,
Financial Markets

Inland Revenue

Peter Mersi, CIR

David Carrigan, Acting
Deputy Commissioner,
Enterprise Design & Integrity

Maraina Hak, Policy Lead

Carolyn Elliott, Policy Lead

MBIE (item 1 only)

MBIE officials

Items
1. KiwiSaver
2. RDTI
3. Potential Budget 2025 Communications schedule

Budget 2025: Proposed Communications Schedule

Project	Announcement or Legislation	Pre-Budget	Budget Day	Post-Budget	Other
Budget Night Legislation Enacting: - Investment Boost; - KiwiSaver changes; - Working for Families: Best Start and abatement changes.		Ministers to receive draft LEG paper on 28 April. Ministerial consultation week from 1 May. LEG paper lodgement 8 May. LEG Committee 15 May. Regulatory Impact Statements submitted with LEG paper.	Taxation (Budget Measures) Bill to be passed under urgency.	Bill enactment and follow up documents/communications. KiwiSaver, WfF/Best Start information rolled out based on date of implementation. Budget 2025 proactive release.	Enactment dates: Investment Boost: 22 May 2025 (Budget Day) KiwiSaver: Default rate of employer and employee KiwiSaver contributions from: 3% to 3.5% with effect from 1 April 2026; 3.5% to 4% with effect from 1 April 2028 No GVC for KiwiSaver members who earn more than \$180,000 in a tax year from 1 July 2025. Halve GVC from 1 July 2025. Extend eligibility for GVC for 16–17 year olds from 1 July 2025. Extend eligibility for employer contribution for 16–17-year-olds from 1 July 2026. Working for Families: 1 April 2026.
BUDGET DAY					
Investment Boost (Partial expensing) Budget night legislation for a 20% broad-based Investment Boost regime.	Legislation	Draft regulatory impact statements provided to Ministers on 4 April (IR2025/152 T2025/917 refers). Bill commentary to be sent to Ministers 6 May.	Press statement Published Q&As Fact sheet Tax at a glance <i>For the back-pocket:</i> Frequently Used Numbers (FUN) sheet Q&As	Ongoing support for Ministers with media queries.	

Budget 2025: Proposed Communications Schedule

		Bill flight plans and back pocket Q&As to be sent to Ministers 13 May. Draft Taxation (Budget Measures) Bill to be sent to Ministers 28 April.			
KiwiSaver Halve the GVC for earners up to \$180,000 and remove the GVC for earners above this point (1 July 25) Increase contribution rates to 3.5% (1 April 26) and then 4% (1 April 28) [these would be the new default and minimum rates] Option for individuals to keep a 3% contribution rate. Extend GVC and employer contributions to 16 and 17 year olds (subject to Budget allowances).	Legislation	Draft regulatory impact statement provided to Ministers on 8 April (IR2025/164 T2025/959 refers). Bill commentary to be sent to Ministers 6 May. Bill flight plans and back pocket Q&A's to be sent to Ministers 13 May. Draft Taxation (Budget Measures) Bill to be sent to Ministers 28 April.	Press statement Fact sheet Published Q&A's Sorted calculator (via Retirement Commissioner) Tax at a glance <i>For the back-pocket:</i> FUN sheet Back-pocket Q&As	Ongoing support for Ministers with media queries.	
BestStart/WFF changes Targeting first year of Best Start (align with years 2 and 3 of the credit) Increase WFF abatement threshold to \$44,900 and abatement rate to 27.5%	Legislation	Draft regulatory impact statement provided to Ministers on 4 April (IR2025/152 T2025/917 refers). Bill commentary to be sent to Ministers 6 May. Bill flight plans and back pocket Q&A's to be sent to Ministers 13 May. Draft Taxation (Budget Measures) Bill to be sent to Ministers 28 April.	Press statement Published Q&A's Fact sheet <i>For the back-pocket:</i> FUN sheet Back-pocket Q&As	Ongoing support for Ministers with media queries.	
Working for Families Discussion Document Release of discussion document on increasing certainty and preventing debt in the WFF scheme.	Budget Day announcement and release		Release of discussion document Press statement Published Q&A's <i>For the back-pocket:</i> FUN sheet Back-pocket Q&As	Ongoing support for Ministers with media queries.	

Budget 2025: Proposed Communications Schedule

Inland Revenue’s compliance bid	Budget Day announcement		Draft press statement Q&As	Ongoing support for Ministers with media queries.	
PRE-BUDGET ANNOUNCEMENT					
s 9(2)(f)(iv)					
Thin capitalisation Release of an officials’ issue paper about whether the thin capitalisation rules are unduly discouraging foreign investment in infrastructure.	Pre-Budget announcement and release	Announcement and release of officials’ issues paper on or around 1 May Draft press statement Q&A Fact sheet		Ongoing support with Ministers with media queries. s 9(2)(f)(iv) 	
Employee Share Schemes Budget2025 announcement of a simplified deferral regime for inclusion in next omnibus tax bill.	Pre-Budget announcement	Draft press statement Q&As Fact sheet <i>For the back-pocket:</i> FUN sheet		Ongoing support with Ministers with media queries. 9(2)(f)(iv) 	

We will also be preparing back-pocket material to support Ministers for the following:

- Specific Fiscal Risks
- Tax Expenditure Statement
- GST + Joint Ventures Public Consultation
- Foreign Investment Funds s 9(2)(f)(iv)
- Digital Services Tax
- Fringe Benefit Tax Public Consultation

**POLICY**

Tax policy report: Tax monitoring report: Collections to March 2025

Date:	29 April 2025	Priority:	Low
Security level:	In Confidence (Information is released to a timetable)	Report number:	IR2025/089

Action sought

	Action sought	Deadline
Minister of Revenue	Note the contents of this report Refer report to Minister of Finance	None 6 May 2025

Contact for telephone discussion (if required)

Name	Position	Telephone
Sandra Watson	Policy Lead, Forecasting and Analysis	s 9(2)(a) 

29 April 2025

Minister of Revenue

Tax Monitoring Report: Collections to March 2025

Purpose and context

1. The purpose of this report is to inform you of how tax collections¹ for the nine months to March 2025 are tracking against the Treasury's forecasts from the 2024 Half Year Economic and Fiscal update (HYEFU 2024). No action is required from Ministers.
2. Monthly tax outturns have a timetabled release by the Treasury and March figures should not be disclosed until after publication on 8 May 2025.
3. As results to October 2024 were known at the time HYEFU 2024 forecasts were prepared, variances presented in this report are for the five months covering November 2024 to March 2025.
4. Updated tax revenue forecasts have been prepared for the 2025 Budget Economic and Fiscal update (BEFU 2025) which will be released on 22 May 2025. These updated forecasts have been reported to you separately in report number IR2025/088 and were informed by the March results. April results will reference BEFU 2025 when reported.

Tax receipts for the year to March 2025 (2024/25 fiscal year)

Receipts Variance

5. For the nine months ending 31 March 2025, unconsolidated aggregate tax receipts totalled \$93,962m, and were \$398m (0.4%) below the Treasury's HYEFU 2024 forecast.
6. The key tax type below forecast was **PAYE** which was \$667m (1.7%) lower than forecast. This is the fifth consecutive month of below-forecast PAYE, deteriorating from a negative variance of \$498m in February. The result this month is broadly consistent with the revenue measure which was \$496m lower than forecast.
7. **Net company tax** was \$209m (1.5%) below forecast having reversed from \$125m above forecast in February.
8. These variances were partially offset by positive variances in the following tax types:
 - **Total net GST:** \$260m (0.8%) greater than forecast,
 - **Net other persons tax:** \$259m (5.6%) greater than forecast.
9. The positive variance in GST is supported by higher annual inflation than forecast. Annual inflation for the March 2025 quarter has been measured at 2.5%² compared to a HYEFU forecast of 1.8%.

¹ Limited to Inland Revenue administered tax types plus Customs GST, referred to in this document as Aggregate taxation. Two measures are reported. Tax receipts reflect actual collections (cash). Tax revenue reflects amounts estimated to be earned but not necessarily received yet.

² Source: Consumer Price Index: March 2025 quarter, released by Statistics New Zealand on 17 April 2025.

10. The variance in **net other persons tax** has increased from \$217m in February and is the fifth consecutive month with a positive variance.
11. Filing of 2023-24 income tax returns is now largely complete, crystalising terminal tax due in April and 5% uplift calculations for 2024-25 provisional tax for most taxpayers.
12. April will be the first month reported against the new BEFU 2025 forecasts. There is still some potential volatility yet to come for the remaining months of the year and this information is not available at the time BEFU forecasts are prepared:
 - Finalised annual dividend decisions made by the end of March will result in DWT payments due in April. This year there is uncertainty in what will follow the unusually high dividends paid last year in advance of the 39 percent trustee tax rate taking effect.
 - Annual filing and payment from portfolio investment entities (PIEs) is measured on a March year basis and is due on the last day of April, with high variability in returns on investment. This year we expect strong results from PIEs as the March year precedes recent volatility in financial markets. PIE taxation is included in company tax.
 - The third 2024-25 provisional tax instalment for standard balance date taxpayers is due in May. For taxpayers exposed to interest charges, this instalment will correct for any over- or under-payments caused by using an uplift for earlier instalments, with a result that May payments can be volatile.
13. Revisions to the main tax types in the BEFU 2025 forecasts³ are broadly consistent with the variances for the 2024/25 year to date.

Receipts Growth

14. Over the twelve months to March 2025, unconsolidated aggregate tax receipts grew by \$3,716m (3.0%) compared to the previous year. The main contributors to this growth were:
 - **PAYE**: increased by \$986m (2.0%), with this rate of growth continuing to ease reflecting the personal income tax threshold adjustments of 31 July 2024,
 - **GST**: increased by \$859m (2.1%),
 - **Residents withholding tax on dividends (DWT)**: increased by \$773m (55.2%) largely due to increased dividends payable in April 2024, ahead of the 39% trustee tax rate taking effect, and
 - **Interest RWT**: increased by \$535m (16.9%).
15. **Net company tax** receipts grew by \$355m (2.0%) over the same period, and **net other persons** receipts declined by \$68m (0.9%).

Tax revenue for the year to March 2025 (2024/25 fiscal year)

16. Unconsolidated aggregate tax revenue for the nine months to March 2025 totalled \$94,566m, which is \$1,153m (1.2%) below forecast.
17. The main tax types below forecast are **net company tax** at \$1,416m (10.6%) below forecast, and **PAYE** which was \$496m (1.3%) below forecast. Much of the negative variance in net company tax will be removed on consolidation⁴, with an

³ Reported earlier in report number IR2025/088.

⁴ The consolidation process carried out by the Treasury removes the impact of Government paying tax to itself, mainly GST and income tax from Government-owned entities.

underlying variance for this tax type closer to the HYEPU forecast, and with flow on implications for the aggregate measure.

18. These variances are partially offset by positive variances in the other main tax types. **Net other persons tax** was \$471m (8.0%) greater than forecast, consistent with the receipts measure.
19. **Total net GST** was \$312m (1.0%) greater than forecast, consistent with the receipts measure. This is the fifth consecutive month with a positive variance, although the variance has reduced from \$418m in February.

Consultation and next steps

20. The Treasury has been consulted on this report.
21. The Government's interim financial statements for the nine months ended 31 March 2025 will be published by the Treasury on 8 May 2025.

Recommended action

We recommend that you:

22. **note** the contents of this report, and
Noted
23. **refer** a copy of this report to the Minister of Finance for their information.
Referred/Not referred

s 9(2)(a)

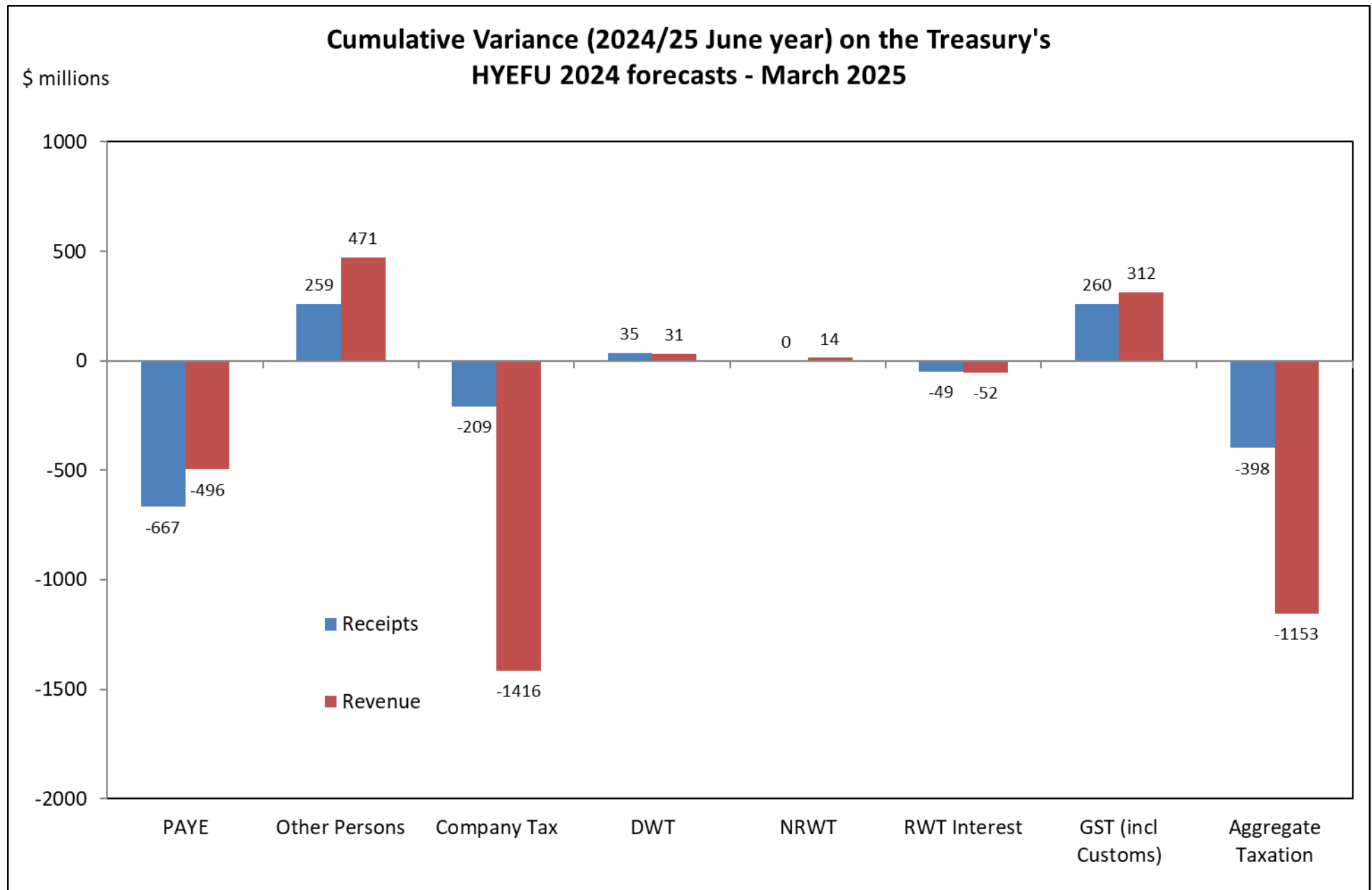
Sandra Watson

Policy Lead, Forecasting and Analysis

Hon Simon Watts

Minister of Revenue

/ /2025





Briefing note

Reference: BN2025/170

Date: 29 April 2025

To: Revenue Advisor, Minister of Finance – Emma Grigg
Revenue Advisor, Minister of Revenue – Angela Graham
Private Secretary, Minister of Revenue – Helen Kuy

From: Shanae Sherriff

Subject: **Information release for review – ECO-25-SUB-0045: Discussion document – GST and joint ventures**

Overview

1. This information release covers the Cabinet papers and associated minutes relating to the release of the discussion document *GST and unincorporated joint ventures*, as well as related key advice papers.
2. The Cabinet paper ECO-25-SUB-0045 was considered by the Cabinet Economic Policy Committee on 2 April 2025 (ECO-25-MIN-0045 refers) and confirmed by Cabinet on 7 April 2025 (CAB-25-MIN-0102 refers).

Documents in this release

3. These documents are included in the information release:

#	Reference	Title	Date	Information withheld
1	IR2024/187	GST deductions for members of unregistered unincorporated bodies	14 May 2024	s 9(2)(a) – personal phone numbers, signatures – coversheet, recommendation section
2	IR2024/433	GST and unincorporated bodies – Scope of proposal for public consultation	7 November 2024	s 9(2)(a) – personal phone numbers, signatures – coversheet, recommendation section
3	IR2025/027	Discussion document – GST and joint ventures	12 February 2025	s 9(2)(a) – personal phone numbers, signatures – coversheet, recommendation section
4	ECO-25-SUB-0045	Discussion document: GST and joint ventures	2 April 2025	No information withheld
5	ECO-25-MIN-0045	GST and Joint Ventures: Discussion Document	2 April 2025	No information withheld

#	Reference	Title	Date	Information withheld
6	CAB-25-MIN-0102	Report of the Cabinet Economic Policy Committee: Period Ended 4 April 2025	7 April 2025	Out of scope information withheld

Key advice papers

4. Cabinet Office Circular CO (18) 4 states that "Ministers may also choose to proactively release related key advice papers provided to the Minister by departments or agencies.". Officials have provisionally included key advice papers as part of this release because we consider the release of the Cabinet documents will likely result in an Official Information Act request for these papers in any event. We note that one of the documents under this proactive release was previously released in response to an Official Information Act request.

Risks and issues

5. 9(2)(g)(i)



6. Risk mitigation: There are no risk mitigations.

Consultation

7. The Treasury was informed about the information release.

Approval

8. The draft information release was reviewed and approved by Martin Neylan, Policy Lead.

Deadline for publishing

9. The last day for publishing this information, if it is released within 30 working days of Cabinet's decision, is 21 May 2025.

Attachments

10. Attached is the draft information release with redactions applied – the only information withheld is personal information (personal phone numbers and signatures), and out of scope information.
11. Attached are:

#	Description
1	The draft information release with proposed redactions marked, but not applied.
2	The draft information release with redactions applied.

Shanae Sherriff
Senior Policy Advisor

s 9(2)(a)