

Community advocates call for Government moratorium on benefit attachment orders

On Tuesday 25th of July a collection of community advocates sent a joint letter to Government Ministers Ginny Andersen, Carmel Sepuloni, Rino Tirikatene, Jan Tinetti and Minister Kelvin Davis calling for an immediate moratorium on attachment orders against all social security benefits.

The group of NGOs is seeking for a moratorium on attachment orders against all benefits, a practice that affects 20,000 people at a total cost of \$29 million a year.

They are calling for the introduction of a judgement proof debtor policy, similar to that used in the Australian State of Victoria.

The use of attachment orders to collect debt from beneficiaries is a cause of significant financial harm to the affected individuals and their families, as well as to New Zealand society.

How attachment orders work

A creditor can apply to the courts for an order if an individual has not paid a debt. If granted, the debtor's employer, or Ministry of Social Development, are required to deduct an amount from their income on a weekly basis.

The system works in a way that makes it easier to get an attachment order against a benefit than a wage. Currently 80% of all orders are collected from beneficiaries and they bear the brunt of this punitive practice.

"We need to stop WINZ from being used as a proxy debt collector," Auckland Central Budgeting Consultants financial mentor and manager Tim Maurice says.

It is punishing the poor

Maurice says people living on benefits are already experiencing poverty and financial hardship is often a driver for them defaulting on their debt repayments in the first place. An attachment order only serves to punish them further.

"If you are on a benefit, you simply cannot afford additional payments. One of my clients had \$86 left over after rent and debt repayments to pay for food, power, transport, phone, everything," he says.

It is harming our children

Many families living on a benefit are already struggling to meet basic needs. A Christians Against Poverty [report](#) from 2021 shows that more women than men have attachment orders against their benefits, this is a problem because women are more likely to have children in their care.

“I have a client who is living in emergency housing, she has a budget deficit, and a young child in her care they could really do with an extra \$20 their pocket each week for food,” Auckland Central Budgeting Consultants financial mentor, Teresa White says.

The validity of some of the debts questioned

Financial mentors say some of the debts being collected are questionable under current consumer protection laws.

Maurice uses the example of a debt being collected by the defunct finance company [Budget Loans](#) via an attachment order long after the balance had been paid, which resulted in thousands of dollars overpayment.

The company was prosecuted by the Commerce Commission and is no longer in business, but debts are still being collected via attachment orders.

“It’s a total nightmare because we cannot contact them, WINZ cannot stop the payments from their end, but the money is going somewhere, it’s a legitimate bank account, there is no way of getting a refund for overpayments and no one seems to be able to do anything about it.” Maurice Says.

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