



**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**THE MINISTRY OF JUSTICE**

**AND**

**THE MINISTRY OF SOCIAL DEVELOPMENT**

**Electronic file transfer and processing of  
Attachment Orders and Allotments to Benefit**

Released Under The Official Information Act 1982

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## **MEMORANDUM OF UNDERSTANDING**

### **Parties**

1. The Sovereign in right of New Zealand acting by and through the Chief Executive of the **MINISTRY OF SOCIAL DEVELOPMENT (MSD)**
2. The Sovereign in right of New Zealand acting by and through the Chief Executive of the **MINISTRY OF JUSTICE (MOJ)**.

Together referred to as 'the Parties'.

### **Background**

- A. The MOJ Collections unit is the business area responsible for the enforcement of monetary penalties, including reparation, offender levies, unpaid confiscation costs and fines. One of the most commonly used enforcement measures is the issuing of an Attachment Order to a fine defaulter's benefit or wages. An Allotment fulfils a similar purpose, but as a voluntary arrangement.
- B. An Attachment Order is a court order that instructs income providers to make a deduction from a customer's benefit or wages for the purpose of paying off their outstanding fines. Section 87 of the Summary Proceedings Act 1957 gives deputy registrars of the court power to enforce fines by issuing Attachment Orders. Section 106 of the Summary Proceedings Act 1957 establishes the requirements for employers regarding Attachment Orders. This provides the legal basis for an Attachment Order to Benefit.
- C. An Allotment is a voluntary arrangement for deduction to a customer's benefit for the purpose of paying off their outstanding fines. The Social Security Act 1964 s82(3) allows for the redirection of benefit payments at the discretion of MSD for the purposes of paying debts owed by the benefit recipient. This provides the legal basis for Allotment to Benefit.
- D. MSD manage the benefit system, and can make deductions from their clients' benefit or pension payments to pay customers' fines. This includes Attachments and Allotments. Collections issues approximately 200,000 Attachment Orders to Benefit annually to MSD with a value of around \$55 million per year.
- E. The application of deductions and redirections to clients' benefits has been managed through a manual process. The manual process involved MOJ sending letters for Attachments and paper forms signed by the client for Allotments to MSD's Centralised Services team to process. The Centralised Services team manually complete approximately 275,000 SWIFTT actions each year for deductions requests from MOJ.
- F. The new electronic interface between MOJ and MSD allows for the automated processing and electronic transfer of files detailing clients who require a deduction to be added, deleted or changes to their record, and the result of that action. The new interface will increase transaction processing efficiency, provide a more timely service to clients, and reduce overheads associated with manual processing.

### **1 Purpose**

- 1.1 The purpose of this Memorandum of Understanding (MOU) is to set out the responsibilities and requirements of MSD and MOJ in relation to the electronic file transfer and automated processing of Allotments and Attachment Orders to Benefits.

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## 2 Definitions of Terms

2.1 **Allotment:** a voluntary arrangement at the request of the customer to deduct money from their benefit to pay their outstanding fines

**ALT:** Allotment of Benefit (also referred to as benefit redirection)

**ATB:** Attachment Order to Benefit

**Attachment Order:** A court order instructing an employer to make deductions from a customer's wage or benefit to pay their employee's outstanding fines

**COLLECT:** MOJ's fines enforcement database

**MOJ:** Ministry of Justice

**MOU:** Memorandum of Understanding

**MSD:** Ministry of Social Development

**Party or Parties:** MOJ and/or MSD

**PPN:** Party Profile Number, individual identifier assigned by MOJ

**SWIFTT:** Social Welfare Information for Tomorrow Today, MSD's client database

**SWN:** Social Welfare Number, an individual identifier assigned by MSD

## 3 Term

3.1 This MOU commences on the date it is signed by both Parties and will continue until both Parties agree to amend or terminate it, or until terminated in accordance with Clause 17.

## 4 Privacy

4.1 Both Parties will comply with the Privacy Act 1993 and any Code of Practice made under the Privacy Act 1993 at all times.

4.2 MOJ and MSD maintain an information matching agreement pursuant to section 126A of the Social Security Act 1964. This agreement allows for the matching of MOJ data to MSD data to enable MOJ to locate beneficiaries who are in default in the payment of any fine.

## 5 Effect of the Memorandum

5.1 This Memorandum confirms the relationship between the Parties based on a spirit of goodwill and co-operation. The Parties will work together to achieve the agreed purpose and terms of this MOU.

5.2 This MOU does not constitute or create, and shall not be deemed or constitute or create, any legally binding or enforceable obligation on the part of either Party.

## 6 Outcomes/Objectives

6.1 Replacing the manual paper-based process with an automated electronic process for communicating Allotments (ALTs) and Attachment Orders to Benefits (ATBs), as outlined in this MOU will:

6.1.1 Significantly increase transaction processing efficiency.

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- 6.1.2 Improve service provision to clients by adding, cancelling and changing agreements in a timelier manner.
  - 6.1.3 Reduce overheads associated with manual processing.

## **7 Use of information and information transfer**

### **MOJ responsibilities:**

- 7.1 Using the electronic interface, MOJ will send a file to MSD that contains information about customers identified as receiving a benefit and against whom the court has an Allotment of Benefit (ALT) or ATB.
- 7.2 The file sent by MOJ will contain requests for ATBs and ALTs to be applied, cancelled, or changed.
- 7.3 To reduce duplication, MOJ will no longer send letters to customers when an ATB or ALT is applied. This will be covered by point 7.13.
- 7.4 When contacted by a customer to set an ALT, MOJ staff will undertake an interview to determine if an ALT is the best option for the client. The interview will cover points 7.4.1 to 7.4.9.
  - 7.4.1 Properly establish the identity of the client.
  - 7.4.2 Confirm that the client knows that a redirection is one option in a range of methods to make repayments.
  - 7.4.3 Ask the client whether they considered that the redirection was 'required' so that the fines would be paid [and possibly ask them why].
  - 7.4.4 Let them know it is their choice to make the request for a redirection.
  - 7.4.5 Ask them if they have considered whether they would still have enough to meet their basic living expenses if the redirection were made.
  - 7.4.6 Explain that the client could ask at any stage for the redirection to stop and that MSD would consider that.
  - 7.4.7 Explain that MSD may still choose not to redirect payments or to stop or continue them, but that the client could review those decisions.
  - 7.4.8 Explain that the client can change or cancel the redirection at any time by contacting MOJ.
  - 7.4.9 The client would need to clearly authorise MOJ to deal with MSD on this issue.
- 7.5 MOJ will train their staff regarding the interview process for customers seeking an ALT arrangement. The interview process will be part of the training provided to new staff conducting these interviews.
- 7.6 MOJ will keep a record of the interview for seven years in accordance with good practice.
- 7.7 Upon request from MSD, MOJ will provide records giving evidence that the interview, detailed in 7.6, was conducted at the establishment of an ALT.

### **MSD responsibilities:**

- 7.8 Using the electronic interface, MSD will receive information from MOJ that contains information about customers identified as receiving a benefit and against whom the court has an ATB or ALT.
- 7.9 Using the electronic interface, MSD will send a response file acknowledging receipt of the file from MOJ.
- 7.10 MSD will process the received file and action, reject, or manually review the ATBs and ALTs requested by MOJ.

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- 7.11 Using the electronic interface, MSD will send information to MOJ about ATBs and ALTs.
  - 7.12 The file sent by MSD will notify MOJ when an ATB or ALT has been created, created with changes, put under manual review, manually reviewed, or completed, and when a benefit subject to an ATB or ALT has been cancelled, suspended or resumed.
  - 7.13 MSD will send a letter on behalf of both Parties to the customer informing them when an ALT or ATB is established. Both Parties will agree to the letter template.

**Joint responsibilities:**

- 7.14 Both Parties will maintain the electronic interface as specified in the approved **Automated Attachment Orders To Benefit and Allotments Interface Specification**.
- 7.15 In the event that a file received by either Party is corrupted or a file is not received within the expected timeframe, each Party will endeavour to ensure that the fault is resolved and protect the information from loss, misuse or improper access.
- 7.16 If the fault cannot be resolved by the next working day, then the Parties will collaborate to remedy the fault in an appropriate timeframe in accordance with each Party's Business Continuity Plan.
- 7.17 In the event of any disaster, the Parties will cooperate, taking all reasonable steps to ensure the security of the information and continuity of the programme.
- 7.18 Both Parties will train relevant staff in the new electronic file transfer processes.
- 7.19 If either Party want to make changes that may impact or introduce risk to the automated electronic file transfer or processing, they will advise and consult with the other Party in advance of the change.

## **8 Roles and responsibilities**

- 8.1 The Parties agree that they will:
  - 8.1.1 Act in good faith and in a spirit of open cooperation and will communicate on a 'no surprises' basis.
  - 8.1.2 Respond to queries of the other Party in a timely manner.
  - 8.1.3 Provide details of one contact person and an escalation point for all matters and inform the other Party of any changes to these contacts in a timely manner.
  - 8.1.4 Endeavour to resolve, through good faith negotiations, any disputes that arise in relation to this MOU.
  - 8.1.5 Not issue any statements to the media or otherwise to the general public that has an impact on the other Party in relation to this MOU without first consulting the other Party.

## **9 Technical standards**

- 9.1 The technical details of how this programme will operate are set out in the **Automated Attachment Orders To Benefit and Allotments Interface Specification**.

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## **10 Official Information Act 1982 and Privacy Act 1993**

- 10.1 Both Parties are responsible for complying with their respective obligations under the Privacy Act 1993 and the Official Information Act 1982 and any other applicable legislation.
- 10.2 If one Party receives a complaint or a request under either the Official Information Act 1982 or the Privacy Act 1993 for information relating to this MOU, the Party which received the request will consult with the other Party on the proposed response prior to making a decision on the request.
- 10.3 Any enquires from the media relating to this MOU must be referred to Ministry of Justice.

## **11 Retention periods**

- 11.1 Files will not be retained within the MSD or MOJ systems beyond what is provided for in the Privacy Act (1993).
- 11.2 For MSD, files created within the internal transfers will be deleted within 60 days.
- 11.3 For MOJ, files created within the internal transfers will be deleted within 7 days.
- 11.4 Files created during the transfer process will be deleted as defined by the transfer process; this is within the 60 days provision.

## **12 Security of information**

- 12.1 Access to MOJ files information within MSD is restricted and formalised through role-based access controls. This is a standard security model that restricts unauthorised personnel from accessing files and data which contain client or similarly sensitive information.

## **13 Breaches of security or confidentiality**

- 13.1 Either Party must immediately notify the other Party of any actual or suspected unauthorised use or disclosure of any information exchanged pursuant to this MOU.
- 13.2 Either Party must investigate any actual or suspected unauthorised use or disclosure of the shared information.
- 13.3 If either Party has reasonable cause to believe that a breach of any other security provision in this MOU has occurred or may occur, that Party may undertake such investigation as it deems necessary.
- 13.4 Where an investigation is undertaken under this clause, the other Party will provide the investigating Party with reasonable assistance and the investigating Party will keep the other Party informed of progress.
- 13.5 If either Party has an internal security breach, either Party may suspend the exchange of information immediately by notice in writing to give the other Party time to remedy the breach.

## **14 Variation**

- 14.1 This MOU may only be varied with the agreement of both Parties and any such variation shall be set out in writing and signed by both Parties.

## 15 Disputes

- 15.1 Should any dispute arise relating to the operation of this MOU or any need to change it, the Parties will meet and negotiate in good faith to resolve the dispute as quickly as possible.
- 15.2 If the Parties are unable to resolve any dispute within 60 days, the matter will be referred to the Chief Executives or their delegated representatives.
- 15.3 Each Party will continue to fulfil their responsibilities as detailed in this MOU despite the existence of any dispute.

## 16 Costs

- 16.1 Each Party is responsible for their own on-going operating costs associated with the electronic file transfer process and any associated information system costs, including any testing required for system changes.

## 17 Termination

- 17.1 Either party may terminate this MOU by giving 3 months' notice in writing.
- 17.2 Where there is a dispute and the clause 15 (Disputes) procedure has not produced an outcome satisfactory to both Parties, either Party may terminate this MOU by giving 3 months' notice in writing to the other Party.
- 17.3 If either Party breaches the terms of the MOU or if it is no longer appropriate for the other Party to access the information, either Party may terminate this MOU immediately by notice in writing to the other Party.
- 17.4 If a breach occurs, the Party can request that the other Party returns the information provided to the other Party and delete and destroy all copies of information in accordance with the provisions of the Public Records Act 2005 immediately upon receiving such a request.
- 17.5 The obligations in this MOU concerning the security, use and destruction of information shall remain in force notwithstanding the suspension or termination of this MOU.

## 18 Relationship management and communications

- 18.1 The Parties each have a vested interest in the effectiveness of this MOU. To facilitate this relationship, each Party has nominated a Relationship Manager for the operation of this MOU and the communication between the Parties. Each Party may change its Relationship Manager on written notice from time to time. At the commencement of this MOU, the Relationship Managers' details are:

Ministry of Justice	Ministry of Social Development
Bryre Patchell General Manager Centralised Delivery & Collections Section 9(2)(a) [redacted] <a href="mailto:[redacted]@justice.govt.nz">@justice.govt.nz</a> Phone: Section 9(2)(a) [redacted]	Lindsay Meehan General Manager Centralised Services Section 9(2)(a) [redacted] <a href="mailto:[redacted]@msd.govt.nz">@msd.govt.nz</a> Section 9(2)(a) [redacted]



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18.2 Initial contacts regarding the operation of this MOU are:

Section 9(2)(a)

Manager Operations Support and Improvement

Ministry of Justice

Section 9(2)(a) [@justice.govt.nz](mailto: @justice.govt.nz)

Phone: Section 9(2)(a)

Section 9(2)(a)

Manager Centralised Services

Ministry of Social Development

Section 9(2)(a) [@msd.govt.nz](mailto: @msd.govt.nz)

Phone Section 9(2)(a)

18.3 Either Party will immediately contact the other Party if:

- a file received by that Party is corrupted or
- a file is not received within the expected timeframe.

18.3.1 The contact for MOJ is [CollectionsBusinessSystems@justice.govt.nz](mailto: CollectionsBusinessSystems@justice.govt.nz).


18.3.2 The contact for MSD is [MSD\\_SWIFTT\\_team@msd.govt.nz](mailto: MSD_SWIFTT_team@msd.govt.nz)

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**19 Execution**

**Signed** by Bryre Patchell, General Manager Centralised Delivery & Collections, Ministry of Justice  
I have a delegation under section 41 of the State Sector Act 1988 to sign for the Ministry

  
\_\_\_\_\_  
Signed

  
\_\_\_\_\_  
Date

**Signed** by Ruth Bound, Deputy Chief Executive Service Delivery, Ministry of Social Development  
I have a delegation under section 41 of the State Sector Act 1988 to sign for the Ministry

  
\_\_\_\_\_  
Signed

  
\_\_\_\_\_  
Date

Released Under The Official Information Act 1982