



12 February 2025

David Dahya

fyi-request-29702-d9484d14@requests.fyi.org.nz

Tēnā koe David Dahya

Official Information Act request

Thank you for your email of 8 January 2025, requesting information about how the Ministry of Social Development (the Ministry) calculates equity for benefit entitlement purposes.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on each part of your request set out separately below.

1. Can MSD confirm which formula they would use to calculate equity?

The Ministry uses the rateable valuation or the amount insured, whichever is greater in value: <https://workandincome.govt.nz/map/definitions/rateable-valuation.html> or the amount insured, whichever is greater in value. That value is then reduced by the amount of their outstanding mortgage principal to find the net equity.

Please note that the rateable valuation is the house and land value that is used to set rates. This is dependent on the local city or district council and can be assessed using capital value, land value, mixed value (house and land) or annual value (Auckland City Council only).

The net equity formula is house and/or land value minus the outstanding mortgage only (no interest). The following link to the Ministry's website outlines the formula and provides an example: <https://workandincome.govt.nz/map/income-support/extra-help/accommodation-supplement/net-equity-01.html>.

2. In this situation, how many of the properties would MSD consider equity in (in terms of asset value) to determine benefit entitlements for the mother?

Based on the information provided, the net equity in both properties not occupied by the mother would be assessed as a cash asset.

When assessing a person's cash assets for Ministry assistance, some assets are excluded. The home property of the client and the land on which it is situated would not be considered as a realisable asset and would be excluded from any cash asset assessments (selling the home would negatively affect the wellbeing of the client).

A property that is not used as a home for the client or their family may be considered as a realisable asset. If it is determined that the property is realisable, equity the person holds in the property will be calculated and will be considered as a cash asset. <https://workandincome.govt.nz/map/income-support/extra-help/accommodation-supplement/property-not-used-as-home-01.html>.

The Ministry considers how much net equity a person has in their former family home following separation. Note, this is not assessed until:

- a decision on the sale of the home is made or
- there is a Relationship Property Settlement (previously matrimonial property settlement) - under a Property Agreement or Property Order

This is standard procedure as outlined at this link:

<https://workandincome.govt.nz/map/income-support/extra-help/accommodation-supplement/net-equity-in-former-family-home-beneficiaries-01.html>.

Furthermore, any income gained from the property can be included when assessing income-tested Ministry assistance. The assessable income is generally considered the difference between the actual rent the client receives and the allowable expenses associated with the property. For more information see: <https://workandincome.govt.nz/map/income-support/core-policy/income/types-of-income/rental-property-income.html>.

Each of these factors may affect eligibility for, and the rate of, Ministry financial assistance.

- 3. They may not be legally required to but would it be reasonable to expect MSD to contact the industry experts above before making their decision?*

Generally, the Ministry will not consult industry experts for each individual case. Ministry staff follow set policies and procedures to support consistent decision making that aligns with Ministry policy and legislation.

However, if a client does not agree with a Ministry decision, the client can apply for a Review of Decision. To find out more about the reviews and appeals process and what decisions can be reviewed, please see:

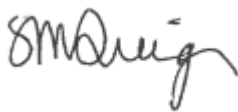
<https://workandincome.govt.nz/map/income-support/core-policy/reviews-and-appeals/reviews-and-appeals.html>.

Please note that the Ministry recommends that the specific client in the situation mentioned should contact us, or their case manager if they have one, to discuss their situation. This will enable the Ministry to provide more detailed advice and guidance.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp. 

Anna Graham

**General Manager
Ministerial and Executive Services**