



# Debt collection and repossession in Aotearoa—Summary

by Ronji Tanielu

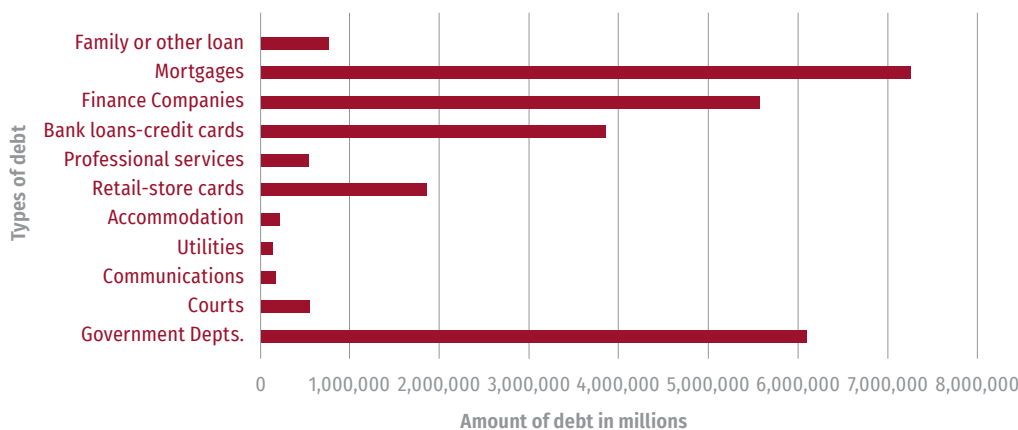
## Background:

- This Paper looks at debt collection and repossession policies and practices in Aotearoa.
- The Paper aims to highlight key issues around problem-debt, and the debt recovery processes that take place through debt collection, repossession and court orders.
- Finally, the Paper identifies some key issues that we have identified through our frontline work, and also through our policy analysis. We make a series of practical recommendations based on these issues.

## Findings:

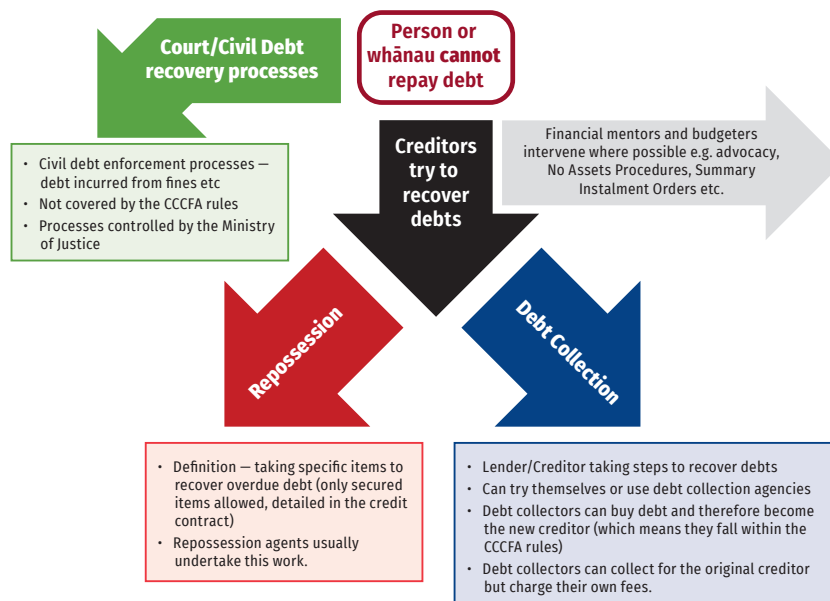
- Problem debt is a significant issue for many New Zealanders, particularly those using our Salvation Army financial mentoring and budgeting services.

Figure 2: Debt levels for Salvation Army clients 01/07/18 – 30/06/19



- The debt collection and repossession process in New Zealand is very complex and can cause or add major harm to debtors.

Figure 9: Simplified debt collection and repossession process in Aotearoa



## **Issues and Recommendations:**

- In our Paper, we presented the following Issues and Recommendations. We are happy to discuss these further.

<b>Issue(s)</b>	<b>Recommendation(s)</b>
Regulation of debt collection and repossession in Aotearoa	<b>(1) A new law that regulates debt collection and repossession into one legislative framework</b> <b>(2) Inclusion of other debt collection options from 2018 MBIE Review Discussion Paper.</b>
Insolvency available to lower income debtors in financial hardship	<b>Review of insolvency options for poorer debtors.</b>
Attachment orders made against beneficiaries	<b>Implement a judgement proof debtor policy in New Zealand.</b>
Innovative ways to deal with debt that cannot be paid back	<b>Consider circumstances where debt forgiveness or waivers are suitable for vulnerable debtors for debts to government and private lenders.</b>
Information sharing between the community and social services sector with government departments and entities	<b>(1) Investment by government departments into 'community' consultants, experts and voices</b> <b>(2) Co-ordination by central government departments about key consumer or client focussed issues they are seeking feedback about.</b>

### **Contact:**

For more information please contact: **Ronji Tanielu**  
[ronji.tanielu@salvationarmy.org.nz](mailto:ronji.tanielu@salvationarmy.org.nz)  
021 536 892



This paper is available at:

<https://www.salvationarmy.org.nz/article/debt-collection-and-repossession-aotearoa>

*We welcome your comments on this Discussion Paper.*

*Please contact the author at [social.policy@salvationarmy.org.nz](mailto:social.policy@salvationarmy.org.nz).*

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