



24 JUN 2019

Dear [REDACTED]

On 5 April 2019, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- 1. The number of investigations initiated into benefit fraud per annum, as far back as records permit. If possible, please break this down by the ethnicity and gender of the suspect. If possible, please break this down by the type of fraud (e.g. relationship)*
- 2. The number of charges laid for beneficiary fraud per annum, as far back as records permit. If possible, please break this down by the ethnicity and gender of the suspect. If possible, please break this down by the type of fraud (e.g. relationship)*
- 3. The total number of overpayments and the dollar amount of these overpayments as far back as records allow*
- 4. The total number of debts write offs and the dollar amount of these write offs, as back as records allow.*

The Ministry takes its responsibilities very seriously in the administration of public expenditure to provide income assistance and services to more than one million New Zealanders each year.

Overpayments may be established as a result of a benefit fraud investigation and data matching. The Ministry works hard to protect the integrity of the welfare system to ensure it remains fair for all New Zealanders, which can include prosecution where clear evidence of fraud exists. The Ministry has a dedicated team of specialist fraud investigators throughout the country, and an Intelligence team that identifies emerging fraud risks and trends. The Ministry works with other government agencies to identify and reduce incidents of fraud and also investigate cases which arise through allegations from members of the public.

The Ministry uses the Solicitor-General's Prosecution Guidelines as the main reference point when making a decision about prosecution. As a government agency, any criminal prosecution action brought by the Ministry must be in accordance with the 'Test for Prosecution' set out in the Guidelines.

There are two factors to the 'Test for Prosecution'; a case must meet the requirements of the 'Evidential Test' where the evidence gathered must be sufficient to provide a realistic prospect of gaining a conviction; and if the case meets the 'Evidential Test' requirements, the Ministry applies the 'Public Interest Test' to determine if it is in the public interest to prosecute.

The Fraud Prosecution Review Panel was established in May 2018 and makes the final decision on whether cases are to be prosecuted. The Panel's approach to making prosecution decisions strengthens the process by making sure that responsibility for that decision is broadly shared. In addition, cases considered for prosecution by the panel are assessed blindly, without gender or ethnicity being declared to the panel. By having wide representation from around the Ministry, including Māori representation, the Panel approach helps to provide a broader view of "public interest".

You will note that the number of clients prosecuted for fraud has decreased over the time period reported. As improved data matching is picking up more cases of undeclared income earlier, far fewer of these cases are now resulting in prosecution. The Ministry is increasingly focused on only prosecuting the more serious cases of fraud that occurred over longer periods, and/or involved bigger overpayments.

The ethnicity classification used to construct these tables does not align with the current Statistics New Zealand classification of ethnicity. Ethnicity details recorded in the Ministry's systems have been gathered under a variety of classification schemes as clients came into contact with the Ministry over time. Additionally, ethnicity is not a compulsory field and is not always specified. The Ministry recognises the disproportionate representation of Māori clients among those investigated and prosecuted for fraud:

- Māori represent a higher proportion of Work and Income clients than their proportion of the total population, approximately 35 per cent of all main beneficiaries are Māori, and approximately 47 per cent of recipients of Sole Parent Support are Māori.
- Māori are also more likely to spend a longer time in receipt of a benefit. The Ministry's 2017 Benefit System Performance Report, available here: www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/2017-benefit-system-performance-report-june-2018.pdf reported the finding that Māori clients aged 20 to 29 years who are work ready and in receipt of Jobseeker Support were predicted to spend an average of 14.2 future years on benefits, compared to 9.8 years for New Zealand Europeans (page 51).

Clients who have committed fraud and have been in receipt of a benefit for a longer duration, are more likely to have committed this fraud over a longer period. The length of offending is a significant factor in determining which cases the Ministry investigates and prosecutes as it is correlated with both an increased number of times that the client may have lied to the Ministry and to a larger cumulative overpayment.

In recognition of the over representation of Māori and Pacific Peoples across the benefit system, the Ministry is working on a Māori and Pacific Strategy and action plan that will include training for staff to help them better understand the needs of Māori and Pacific clients, which aligns to our intent to improve the equity of outcomes, particularly for Māori.

The Ministry's 2018 to 2022 Statement of Intent is available here: www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/statement-of-intent/2018/statement-of-intent-2018-2022-online-version.pdf.

The Ministry also recognises that females are disproportionately represented in prosecution statistics. This is largely due to the similar disproportionate representation of females amongst those in receipt of a benefit. As at the end of September 2018, 56 per cent of all main beneficiaries were female, and 92 per cent of recipients of Sole Parent Support were female.

You will find enclosed six tables which provide the following information:

1. Table one: The number of investigations completed from the financial years 2015 to 2018 broken down by line of enquiry (type of fraud) and financial year
2. Table two: The number of people in completed investigations in the 2015 to 2018 financial years broken down by gender and ethnicity
3. Table three: The number of successful prosecutions completed in the 2015 to 2018 financial years broken by line of enquiry (type of fraud) and financial year.
4. Table four: The number of successful prosecutions in the 2015 to 2018 financial years broken down by ethnicity and financial year.
5. Table five: The number of successful prosecutions, investigations with overpayments and the total value of those overpayments in the 2015 to 2018 financial years
6. Table six: Total numbers and value of overpayments written off for recipients for the period 1 July 2007 to 30 June 2018

In order to protect client privacy, values under six have been suppressed and are represented by an 'S'. The Ministry is unable to provide you with the exact number as releasing this information is likely to risk identifying the individuals concerned. As such, the information is withheld under section 9(2) (a) of the Act. The need to protect the privacy of these individuals outweighs the public interest in this information.

The ethnicity data is self-identified and multiple ethnicities may be chosen by an individual as fits their preference or self-construct. Multiple selected ethnicities are then prioritised into a hierarchy. This is to ensure that smaller and politically significant ethnic groups do not get overwhelmed by the larger ethnic groups. A single ethnicity is then assigned to an individual based on hierarchy.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

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 this response regarding statistics on fraud broken down by gender and ethnicity, 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.

Yours sincerely



George Van Ooyen
Group General Manager, Client Service Delivery



Table one: The number of investigations completed from the financial years 2015 to 2018 broken down by line of enquiry (type of fraud) and financial year

Line of enquiry group	Financial Year			
	2014/15	2015/16	2016/17	2017/18
Marriage Type Relationship	3,153	2,138	2,662	2,739
Working	2,121	2,336	1,974	1,704
Income Related	728	336	309	230
Eligibility Criteria	825	377	381	383
Youth	6	7	6	6
Social Housing	802	691	561	659
Multiple Benefits/Identities	27	17	35	22
Other	401	973	642	379
Number of Investigations	5,342	5,326	5,268	4,755

Notes:

- This is a count of investigations; a person may have more than one investigation in a period and each investigation can be for multiple people.
- Financial years are the period 1 July to 30 June.
- Each investigation can have multiple lines of enquiry. As such the sum of lines of enquiry will be greater than the actual number of investigations.
- The final row of this table completed. This is limited to investigations completed by fraud interventions services investigators and therefore may differ from numbers previously released.

Table two: The number of people in completed investigations in the 2015 to 2018 financial years broken down by gender and ethnicity

Ethnic Group	2014/15			2015/16		
	Female	Male	Unspecified	Female	Male	Unspecified
	Total	Total	Total	Total	Total	Total
Māori	1,862	S	S	1,934	S	S
Pacific Island	443	S	S	447	S	S
NZ European	1,815	1,398	8	1,222	S	S
Unspecified	66	90	401	55	81	233
Other	457	S	S	349	325	0
Total	4,643	3,668	417	4,007	3,673	238

Ethnic Group	2016/17			2017/18		
	Female	Male	Unspecified	Female	Male	Unspecified
	Total	Total	Total	Total	Total	Total
Māori	2,121	1,556	0	1,974	1,426	0
Pacific Island	349	292	0	326	S	S
NZ European	1,498	S	S	1,374	S	S
Unspecified	104	103	283	88	110	277
Other	420	S	S	383	281	0
Total	4,492	3,437	291	4,145	3,260	283

Notes:

- This is a count of people involved in completed investigations; a person may have more than one investigation in a period and each investigation can be for multiple people.
- Financial years are the period 1 July to 30 June.
- This is limited to investigated by fraud interventions services investigators and therefore may differ from numbers previously released.
- Ethnicity data is self-identified and multiple ethnicities may be chosen by an individual as fits their preference or self-concept. Multiple selected ethnicities are then prioritised into hierarchy. The Māori ethnicity has the highest priority in this hierarchy, followed by Pacific peoples. New Zealand European has the lowest priority. This is to ensure that smaller and more politically significant ethnic groups do not get overwhelmed by larger ethnic groups A single ethnicity is assigned to an individual based on this hierarchy. Ethnic groups do not currently align with Statistics New Zealand ethnicity groups.
- In certain circumstances low numbers may potentially lead to individuals being identified. Due to privacy concerns, number for some categories of clients have been suppressed or aggregated. Secondary suppression rules have also been applied when required. Suppressed numbers have been replaced by an 'S'.

Table three: The number of successful prosecutions completed in the 2015 to 2018 financial years broken by line of enquiry (type of fraud) and financial year.

Line of enquiry group	Financial Year			
	2014/15	2015/16	2016/17	2017/18
Marriage Type Relationship	319	321	246	180
Working	743	390	249	140
Income Related	64	72	43	25
Eligibility Criteria	67	61	40	36
Youth	0	0	0	0
Social Housing	27	64	68	39
Multiple Benefits/Identities	9	12	17	9
Other	43	45	35	29
Number of prosecutions	958	619	453	291

Notes:

- For the financial year ending June 2018, prosecutions for internal fraud and prosecutions that were 'Withdrawn - Beyond MSDs control' have been removed.
- Each prosecution could have had multiple lines of enquiry. As such the sum of the lines of enquiry will be greater than the actual number of prosecutions.
- The final row of this table shows the number of successful prosecutions completed.
- In certain circumstances low numbers may potentially lead to individuals being identified. Due to privacy concerns, number for some categories of clients have been suppressed or aggregated. Secondary suppression rules have also been applied when required. Suppressed numbers have been replaced by an 'S'.

Table four: The number of successful prosecutions in the 2015 to 2018 financial years broken down by ethnicity and financial year.

Ethnic Group	2014/15			2015/16		
	Female	Male	Total	Female	Male	Total
Māori	245	148	393	167	111	278
Pacific Island	134	56	190	54	24	78
NZ European	168	110	278	120	87	207
Unspecified	7	S	14	S	S	8
Other	S	S	83	S	S	48
Total	611	S	958	374	S	619

Ethnic Group	2016/17			2017/18		
	Female	Male	Total	Female	Male	Total
Māori	126	67	193	103	48	151
Pacific Island	50	17	67	22	7	29
NZ European	97	51	148	55	39	94
Unspecified	S	S	6	S	S	S
Other	S	S	39	S	S	S
Total	296	S	453	191	100	291

Notes:

- For the financial year ending June 2018, prosecutions for internal fraud and prosecutions that were 'Withdrawn – Beyond MSD's control' have been removed.
- Ethnicity data is self-identified and multiple ethnicities may be chosen by an individual as fits their preference or self-concept. Multiple selected ethnicities are then prioritised into a hierarchy. The Māori ethnicity has the highest priority in this hierarchy, followed by Pacific peoples. New Zealand European has the lowest priority. This is to ensure that smaller politically significant ethnic groups, do not get overwhelmed by the larger ethnic groups. A single ethnicity is assigned to an individual based on this hierarchy. Ethnic groups do not current align with Statistics New Zealand ethnicity groups.
- In certain circumstances low numbers may potentially lead to individuals being identified. Due to privacy reasons, numbers for some categories of clients have been suppressed or aggregated. Secondary suppression rules have also been applied when required. Suppressed numbers have been replaced by an 'S'.

Table five: The number of successful prosecutions, investigations with overpayments and the total value of those overpayments in the 2015 to 2018 financial years

Item	Financial year			
	2014/15	2015/16	2016/17	2017/18
Investigations with Overpayments	1,599	2,234	1,829	1,663
Successful Prosecutions	927	598	436	277
Investigation Overpayment Value	\$51.7m	\$48.5m	\$43.9m	\$35.7m
Successful Prosecutions Overpayment value	\$31.1m	\$24.1m	\$19.1m	\$13.9m

Notes:

- The number of successful prosecutions completed does not directly relate to the number of investigations completed as prosecutions may not be completed in the same year that the investigation is completed
- The value of overpayments from successful prosecutions completed does not directly relate to the value of overpayments from investigations completed as prosecutions may not be completed in the same year that the investigation is completed
- Financial years are the period 1 July to 30 June of the next year.

Table six: Total numbers and value of overpayments written off for recipients for the period 1 July 2007 to 30 June 2018.

Financial Year	Number of Overpayments	Total	Median
2007/08	4,526	\$2,354,242	\$150
2008/09	4,260	\$2,036,633	\$130
2009/10	6,088	\$2,913,072	\$117
2010/11	6,515	\$2,940,838	\$98
2011/12	3,840	\$1,814,079	\$137
2012/13	3,898	\$1,847,718	\$132
2013/14	5,364	\$2,375,375	\$138
2014/15	4,617	\$2,250,792	\$141
2015/16	5,672	\$2,717,608	\$131
2016/17	6,144	\$2,397,041	\$63
2017/18	7,727	\$3,992,058	\$137
Total	58,651	\$27,639,454	\$122

Notes:

- The number of overpayments represent the number of debts not the number of clients.
- These tables only show overpayments written off under section 86(9A) of the Social Security Act.
- Because this is a count of overpayments the median is the median individual amount, not the total overpayments a client has.
- These tables include Main benefits, as well as New Zealand Superannuation, Veterans pensions, Non-beneficiaries, Orphan Benefit, Unsupported Childs Benefit. Trace debt write-offs also include other payments types.
- Financial years are the period 1 July to 30 June of the next year.