



3 May 2022

Tēnā koe

On 4 March 2022, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information for the past ten years:

- *Number of people identified as having defrauded the benefit system by receiving a benefit where there was no entitlement to it.*
- *Number of people charged with benefit fraud.*
- *Clearance rates of successful prosecutions of fraud*
- *Any demographic information or statistics held on demographics*
- *Any sentencing information on successful prosecutions*
- *Any fiscal data that would explain the cost to the taxpayer.*
- *Any official instructions given to the ministry by parliament on how to manage benefit fraud.*

The Ministry works hard to protect the integrity of the welfare system to ensure it remains fair for all New Zealanders. It is vital that the public has trust and confidence in the Ministry to ensure people receive their correct entitlement and do not take advantage of the welfare system.

Benefit recipients are obliged to advise the Ministry of any change in circumstances that might affect their entitlement to a benefit. Allegations of benefit and social housing fraud can be made by members of the public, or by Ministry staff undertaking reviews of a client's benefit entitlement, and these are assessed for the appropriate level of response.

Since 2015, the Ministry has been strengthening its fraud prevention focus. This saw the introduction of new non-investigative approaches to responding to lower risk allegations of fraud from 2018, and the establishment of a prosecution panel to support decision making in serious fraud cases where prosecution is recommended.

The Ministry's overall approach is to intervene early when concerns are raised, to make it easy for clients to do the right thing and avoid unnecessary overpayments and debt while still responding appropriately to serious fraud. The Ministry's Client Service Integrity group has a three-tier graduated model to respond to allegations of benefit and social housing fraud:

- early intervention – engaging with clients early to discuss any integrity issues raised, confirm obligations, and adjust entitlements where appropriate.
- facilitation – working more intensively with a client to assess their situation against their entitlements and adjust these entitlements where necessary. This could mean an overpayment for a client in some situations.
- investigation – gathering information and acting on serious client integrity issues, which could result in an overpayment and in the most serious cases prosecution. Prosecutions are considered in line with the Solicitor General's guidelines, taking into account the full circumstances of each individual case.

The three-tier approach helps the Ministry better manage fraud activity. All allegations of potential fraud or abuse of benefit payments are responded to in a manner proportionate to the nature of the information received and the potential seriousness of offending.

There will always be cases of serious fraud which will be fully investigated and prosecuted where it is appropriate to do so.

This approach has been endorsed by the Welfare Expert Advisory Group report.

Overall, the number of cases responded to across the Ministry's three-tier model has remained stable over the last five years. However a greater proportion are now responded to with early intervention and facilitation, without the need to proceed to investigation or prosecution.

You will notice a significant decrease in prosecutions in the 2019/20 and 2020/21 years. This should not be attributed solely to the introduction of the three-tier model. Over the 2019/20 and 2020/21 financial years, investigation and prosecution numbers have been impacted by responding to the Privacy Commissioner's inquiry, which meant pausing and reassessing investigations and prosecutions underway in light of the inquiry's findings, and by the need to support the COVID-19 response, which includes Wage Subsidy investigations. In the 2020/21 year investigators who usually worked on benefit fraud were largely diverted to wage subsidy investigations. For clarity, I will address your questions in turn.

Please note that the Ministry is not able to provide you with all information for the financial years 2012 to 2013. This is due to the way in which fraud investigation records were held and stored at those times, and other system changes.

In order to provide you with this information, Ministry staff would have to manually review a significant number of client files. As such, I refuse your request under section 18(f) of the Act. The greater public interest is in the effective and efficient administration of the public service.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

- *Number of people identified as having defrauded the benefit system by receiving a benefit where there was no entitlement to it.*

Please find **Table One, Table Two, and Table Three** in the attached Excel spreadsheet **Appendix A**, which outlines the number of people attached to a Client Service Integrity case with an overpayment from 1 July 2014 to 30 June 2021, broken down by financial year, ethnicity, gender, and age group.

- *Number of people charged with benefit fraud.*

Please find **Table Four, Table Five, and Table Six** in the attached Excel spreadsheet **Appendix A**, which outlines the number of people with a completed prosecution from 1 July 2014 to 30 June 2021, broken down by financial year, ethnicity, gender, and age group.

- *Clearance rates of successful prosecutions of fraud.*

Please find **Table Seven, Table Eight, and Table Nine** in the attached Excel spreadsheet **Appendix A**, which outlines the number of people with a successful prosecution from 1 July 2014 to 30 June 2021, broken down by financial year, ethnicity, gender, and age group. Please note that a successful prosecution refers to people who have been convicted of offences in a completed prosecution.

- *Any sentencing information on successful prosecutions.*

The Ministry is not able to provide you with this information. This is due to the way in which sentencing records have been logged and stored.

In order to provide you with this information, Ministry staff would have to manually review a significant number of client files. As such, I refuse your request under section 18(f) of the Act. The greater public interest is in the effective and efficient administration of the public service.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

- *Any fiscal data that would explain the cost to the taxpayer.*

This information has previously been proactively released in an Official Information Act Request. Your request for this information is refused under section 18(d) of the Act on the basis that the information requested is publicly available at the following link:

www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/official-information-responses/2021/october/20211018-request-for-information-on-benefit-fraud-and-benefit-sanctions-from-2000-to-2021..pdf

- *Any official instructions given to the ministry by parliament on how to manage benefit fraud.*

On 7 July 2014, previous Associate Social Development Minister Chester Borrows introduced amendments to the Social Security (Fraud Measures and Debt Recovery) Amendment Act 2014 as a part of a package of reforms the Government of the day had implemented to combat welfare fraud.

No other legislation or ministerial direction regarding the management of benefit fraud has been introduced in the last ten years.

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. The Ministry will do this by publishing this letter on the Ministry'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, 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

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

George Van Ooyen
Group General Manager
Client Service Support