



30 MAR 2021

On 17 February 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- *How many people are currently under investigation for welfare fraud and tax evasion.*
- *How much money is currently spent on each of these areas, and what the return has been for the crown.*
- *I'd also like for this information to be broken down by ethnicity and region please.*

On 25 February 2021, you were advised that, under section 14 of the Act, the tax evasion aspects of your questions were transferred to the Inland Revenue Department (IRD) to address. You will receive this information from IRD as a separate response.

On 25 February 2021, after the Ministry contacted you to clarify your request, you agreed to rescope your request to be for the following information:

- *How many investigations for welfare fraud have been completed, as at 30 June 2020, broken down by ethnicity and Ministry region.*
- *How much has been spent on welfare fraud for the financial years 2018/19 and 2019/2020.*
- *The number of prosecutions completed, the number of prosecutions that have led to jail time and the overpayment established for these prosecutions, as at 30 June 2020, broken down by ethnicity and Ministry region.*

I will now address your questions in turn.

- *How many investigations for welfare fraud have been completed, as at 30 June 2020, broken down by ethnicity and Ministry region.*

Each year the Ministry receives around seven million calls to its contact centres, and performs nearly two million face to face client interactions at front line offices. Allegations of benefit fraud represent a very small percentage of these overall numbers.

The Ministry is increasing its focus on fraud prevention. We want to make it easier for clients to tell us about changes and also harder for clients to get it wrong and maybe end up in debt to us.

The Ministry's fraud teams are increasingly focusing their engagement on helping clients to understand how changes in their circumstances might affect their entitlements. This can then help them decide whether their situation means their entitlements may have changed and need to be adjusted. This increasing focus on fraud prevention is illustrated by the three tier approach implemented across our fraud teams.

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.

Tier One - Early Intervention – Making it easier for clients to do the right thing

Tier One is about ensuring clients are aware of the information the Ministry has received about them, their entitlements and obligations, and letting them make a decision about their entitlement to a benefit payment. This involves a letter and/or phone conversation with the client. The Ministry's aim is to identify the correct entitlement going forward, rather than establishing an overpayment.

Tier Two - Facilitation – Providing clients with an opportunity to do the right thing

Tier Two is about working with the client to help them do the right thing. It's about having a more in-depth, face to face conversation with a client about their situation, entitlements and obligations so the client can self-assess whether they are receiving their correct entitlements. Again, the Ministry's aim is to identify the correct entitlement going forward, rather than establishing an overpayment.

Tier Three - Investigation – Protecting the integrity of the benefit system

Tier Three is about undertaking an investigation into a client's entitlement where the Ministry believes they may be committing fraud. The outcome in these cases could be an overpayment, the imposition of a penalty, or in the most severe cases, prosecution.

For your reference, in the 2019 and 2020 financial years, the Ministry recorded 8,650 and 7,996 allegations of welfare fraud, respectively. Please note, due to the effect of COVID-19, the Ministry's fraud resources were diverted to other areas of need, which impacted the number of allegations the Ministry could follow up.

These allegations could be responded to by either early intervention, facilitation, or investigation. In some cases, allegations will not be followed up, for example, where there may not have been enough information to take any action, or the Ministry is already aware of the information provided by the alleged and no further action is required.

Please find **Table One** enclosed in **Appendix A** attached, which shows the total number of welfare fraud cases completed during the period 1 July 2019 to 30 June 2020, broken down by ethnicity. Please note that the two biggest ethnic groups represented, Māori and New Zealand European, are also the two biggest ethnic groups that receive main benefits.

Please find **Table Two** enclosed in **Appendix A** attached, which shows the total number of welfare fraud cases completed during the period 1 July 2019 to 30 June 2020, broken down by region.

Please note, these cases include all instances of early intervention, facilitation, and investigation, as outlined above.

- *How much has been spent on welfare fraud for the financial years 2018/19 and 2019/2020.*

The total amount spent on welfare fraud for the previous financial year, from July 2019 to June 2020, was \$14,081,832.92. The total amount spent for the financial year of July 2018 to June 2019 was \$13,284,599.54. These amounts cover the direct operational costs for Fraud Services, excluding overhead costs.

- *The number of prosecutions completed, the number of prosecutions that have led to jail time and the overpayment established for these prosecutions, as at 30 June 2020, broken down by ethnicity and Ministry region.*

The Ministry uses the Solicitor-General's Prosecution Guidelines as the main reference point when considering a prosecution for those who retained a welfare benefit. 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. You can access the guidelines on the Crown Law website here: www.crownlaw.govt.nz/publications/prosecution-guidelines.

There are two factors considered for the 'Test for Prosecution'. Firstly, 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. If the case meets the 'Evidential Test' requirements, the Ministry also applies the 'Public Interest Test' to determine if it is in the public interest to prosecute.

While the guidelines apply to all prosecutions being considered by the Ministry, there would be some factors specific to welfare fraud which may be taken into account when considering the public interest in proceeding with a prosecution.

Please find **Table Three** enclosed in **Appendix A** attached, which shows the total number of successful prosecutions completed during the period 1 July 2019 to 30 June 2020, broken down by ethnicity. Please note that the two biggest ethnic groups represented, Māori and New Zealand European, are also the two biggest ethnic groups that receive main benefits.

Please find **Table Four** enclosed in **Appendix A** attached, which shows the total number of successful prosecutions completed during the period 1 July 2019 to 30 June 2020, broken down by District Court.

In order to protect client privacy, some values within **Table Four** are suppressed and are represented by '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,

this information is withheld under section 9(2)(a) of the Act. The need to protect the privacy of these individuals outweighs any public interest in the information.

Due to privacy concerns, the Ministry is unable to provide you with the exact number of successful prosecutions completed, that lead to a prison sentence, as releasing this is likely to risk identifying the individuals concerned. As such, this information is withheld under section 9(2)(a) of the Act. The need to protect the privacy of these individuals outweighs any public interest in the information.

Please find **Table Five** enclosed in **Appendix A** attached, which shows the total overpayment established for the successful prosecutions completed during the period 1 July 2019 to 30 June 2020, broken down by ethnicity. Please note that the two biggest ethnic groups represented, Māori and New Zealand European, are also the two biggest ethnic groups that receive main benefits.

Please find **Table Six** enclosed in **Appendix A** attached, which shows the total overpayment established for the successful prosecutions completed during the period 1 July 2019 to 30 June 2020, broken down by District Court.

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
- 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 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 welfare fraud and prosecutions, 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 Support
Service Delivery**

Appendix A

Table One: The total number of welfare fraud cases completed during the period 1 July 2019 to 30 June 2020, broken down by ethnicity.

Ethnicity	Number of cases completed
Māori	2,232
Pacific Peoples	405
NZ European	2,298
Unspecified	216
Other	660
Total	5,808

Notes:

- More than one person can be considered under the same case.
- A client can be considered more than once in the same year under different cases.
- Please note, these cases include all instances of early intervention, facilitation, and investigation, as outlined in the response.
- Please note that the two biggest ethnic groups represented, Māori and New Zealand European, are also the two biggest ethnic groups that receive main benefits.
- Please note the ethnicity classification that is used to construct this table does not necessarily align with the current Statistics New Zealand classification of ethnicity.
- Ethnicity details recorded by the Ministry have been gathered under a variety of classification methods as clients come into contact with the Ministry.
- The ethnicity data may be self-identified based on an individual's preference or self-construct. While the Ministry collects multiple ethnicities from clients, we only report a unique form of 'identified' ethnicity for core benefit data (one ethnic group per person with Māori coming first, Pacific groups second followed by other groups ending with NZ European).

Table Two: The total number of welfare fraud cases completed during the period 1 July 2019 to 30 June 2020, broken down by region.

Region	Number of cases completed
Auckland	1,305
Bay of Plenty	507
Canterbury/Nelson	726
Central	642
East Coast	267
Northland	378
Other	573
Southern	480
Taranaki	261
Waikato	525
Wellington	135
Total	5,808

Notes:

- More than one person can be considered under the same case.
- A client can be considered more than once in the same year under different cases.
- Please note, these cases include all instances of early intervention, facilitation, and investigation, as outlined in the response.
- Investigations by geographic breakdowns are by the Ministry of Social Development Fraud Intervention Services.
- 'Other' represents the allegation line, integrity intervention centre and organisational security intelligence units which are based in Wellington and Lower Hutt.

- A client may not necessarily reside in the same area as the Fraud Intervention services their investigation is managed.

Table Three: The total number of successful prosecutions completed during the period 1 July 2019 to 30 June 2020, broken down by ethnicity.

Ethnicity	Number of prosecutions
Māori	30
Pacific Peoples	9
NZ European	21
Other	6
Total	66

Notes:

- Please note that the two biggest ethnic groups represented, Māori and New Zealand European, are also the two biggest ethnic groups that receive main benefits.
- Please note the ethnicity classification that is used to construct this table does not necessarily align with the current Statistics New Zealand classification of ethnicity.
- Ethnicity details recorded by the Ministry have been gathered under a variety of classification methods as clients come into contact with the Ministry.
- The ethnicity data may be self-identified based on an individual's preference or self-construct. While the Ministry collects multiple ethnicities from clients, we only report a unique form of 'identified' ethnicity for core benefit data (one ethnic group per person with Māori coming first, Pacific groups second followed by other groups ending with NZ European).
- A prosecution concerns only one person. But the same person can be prosecuted more than once in a year.
- A prosecution is successful if there is at least one sentence or one of the court findings is S106 Discharge without conviction.

Table Four: The total number of successful prosecutions completed during the period 1 July 2019 to 30 June 2020, broken down by District Court.

Region	Number of prosecutions
Auckland District Court	S
Blenheim District Court	S
Christchurch District Court	9
Dunedin District Court	S
Gisborne District Court	S
Hamilton District Court	S
Hastings District Court	S
Hawera District Court	S
Hutt Valley District Court	S
Invercargill District Court	S
Kaitia District Court	S
Manukau District Court	12
Marton District Court	S
Masterton District Court	S
Nelson District Court	S
North Shore District Court	S
Opotiki District Court	S
Palmerston North District Court	S
Porirua District Court	S
Rotorua District Court	S
Tauranga District Court	S
Te Awamutu District Court	S
Tokoroa District Court	S
Waitakere District Court	S
Wellington District Court	S
Whangarei District Court	S
Other	S
Total	66

Notes:

- Prosecutions geographic breakdown is by the last hearing district court.
- 'Other' is cases where the district court was not recorded in the Investigation Management System.
- A prosecution concerns only one person. But the same person can be prosecuted more than once in a year.
- A prosecution is successful if there is at least one sentence or one of the court findings is S106 Discharge without conviction.
- In certain circumstances low numbers may potentially lead to individuals being identified.
- Due to these privacy concerns, 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 total overpayment established for the successful prosecutions completed during the period 1 July 2019 to 30 June 2020, broken down by ethnicity.

Ethnicity	Total Amount established
Māori	\$1,233,414.31
Pacific Peoples	\$368,896.67
NZ European	\$1,412,832.18
Other	\$666,590.58
Total	\$3,681,733.74

Notes:

- Please note that the two biggest ethnic groups represented, Māori and New Zealand European, are also the two biggest ethnic groups that receive main benefits.
- Please note the ethnicity classification that is used to construct this table does not necessarily align with the current Statistics New Zealand classification of ethnicity.
- Ethnicity details recorded by the Ministry have been gathered under a variety of classification methods as clients come into contact with the Ministry.
- The ethnicity data may be self-identified based on an individual's preference or self-construct. While the Ministry collects multiple ethnicities from clients, we only report a unique form of 'identified' ethnicity for core benefit data (one ethnic group per person with Māori coming first, Pacific groups second followed by other groups ending with NZ European).

Table Six: The total overpayment established for the successful prosecutions completed during the period 01 July 2019 to 30 June 2020, broken down by District Court.

Region	Total Amount established
Auckland District Court	\$83,304.76
Blenheim District Court	\$285,572.68
Christchurch District Court	\$807,338.38
Dunedin District Court	\$134,626.02
Gisborne District Court	\$4,982.78
Hamilton District Court	\$269,902.18
Hastings District Court	\$121,274.41
Hawera District Court	\$48,771.58
Hutt Valley District Court	\$146,224.82
Invercargill District Court	\$125,481.00
Kaitia District Court	\$11,947.47
Manukau District Court	\$140,205.04
Marton District Court	\$25,429.81
Masterton District Court	\$85,270.35
Nelson District Court	\$49,024.80
North Shore District Court	\$11,036.78
Opotiki District Court	\$4,362.58
Palmerston North District Court	\$278,025.06
Porirua District Court	\$30,034.42
Rotorua District Court	\$228,531.30
Tauranga District Court	\$30,687.24
Te Awamutu District Court	\$117,597.58
Tokoroa District Court	\$97,780.13
Waitakere District Court	\$351,327.42
Wellington District Court	\$76,572.80
Whangarei District Court	\$113,059.17
Other	\$3,363.18
Total	\$3,681,733.74

Notes:

- Prosecutions geographic breakdown is by the last hearing district court.
- 'Other' is where the district court was not recorded in the Investigation Management System.
- A prosecution concerns only one person. But the same person can be prosecuted twice in a year.
- A prosecution is successful if there is at least one sentence or one of the court findings is S106 Discharge without conviction.

Notes for all tables:

- To protect confidentiality the Ministry of Social Development uses processes to make it difficult to identify an individual person or entity from published data.
- These data tables have had random rounding to base three applied to all cell counts in the table.
- A value of one or two may be rounded to zero or three.
- The impact of applying random rounding is that columns and rows may not add exactly to the given column or row totals.
- The published counts will never differ by more than 2 counts.
- Random rounding does not apply to money values.